

Commitment and shared values



**UniCredito Italiano Group**



**UniCredito Italiano** – Italian Stock Company – Registered Office: Genoa, Via Dante, 1 – General Management: Milan, Piazza Cordusio  
Capital: Lit. 2,512,102,903,000 Fully Paid In – Bank Entered in the Register of Banks and Parent Company of the UniCredito Italiano Banking Group  
Banking Group Register No. 3135.1 - Genoa Trade and Companies Register: No. 22 – Tax Code and VAT Reg. No.: 00348170101  
Member of the Interbank Deposit Protection Fund

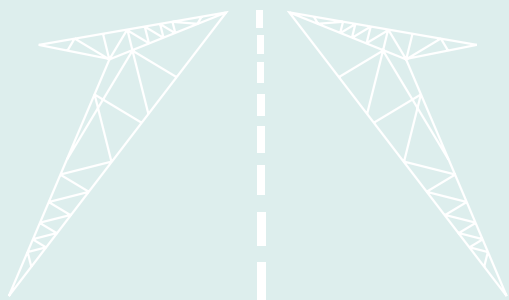
**Credito Italiano** – Italian Stock Company – Registered Office: Genoa, Via Dante, 1 – General Management: Milan, Via Broletto, 16  
Capital: € 1,550,000,000 Fully Paid In – ABI Code: 02008.1 – Member Bank of the UniCredito Italiano Banking Group, Code 3135.1  
Genoa Trade and Companies Register No. 37889 and No. 384022 of the Economic and Administrative Information File of the Genoa Chamber of Commerce  
Tax Code: 12931320159 – VAT Reg. No.: 01144620992.




Whatever does not exist in the spirit  
cannot exist in reality either...





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**Francesco Cesarini** Chairman

**Sustainable development has been defined as “development that satisfies the needs of the present without compromising the ability of future generations to satisfy their needs.”**

The relationship between credit institutions and the topic of sustainable development is changing significantly. Due to the greater focus and sensitivity of public opinion to society's requirements, a need has arisen within companies to steer their decisions and resources in terms of civic duty. This means increasing their responsibility towards key associates and contributing, like “individual citizens,” to the prosperity and cohesion of the community in which they operate.

Starting in the nineties, certain significant experiences in the banking and credit sector created a heightened sensitivity to the issue of sustainable development with a growing awareness of its role of creating incentives and sensitivity especially with regard to industries. To be specific, anyone who is prepared to assume “social responsibility” in combination with the role of financial engine for development, would not hesitate to create forms of financing for companies that operate to protect the environment for the weakest social strata, and to defend fairness and ethical principles in international business.

To implement the principles endorsed by the “Declaration of financial institutions on the environment and sustainable development,” which was promoted by the UNEP [United Nations Environmental Program], and as a result of an agreement signed with the Ministry of the Environment and other institutional entities, UniCredito Italiano established an action plan for the launch of innovative financial tools (Green Bonds) to foster the spread of environmental certification among industrial companies, and implemented Formula A, a subsidised credit system that calls for financing projects aimed at the environmental certification of small and medium-sized businesses. At present, six major companies and organisations have participated in the Green Bond program, and therefore, it is possible to launch the operational phase of the program to finance suppliers.

The focus on ethical and environmental issues also took the form of the establishment of real mutual funds guided by the principles of sustainable development. The purpose of these funds is to select investments not only on the basis of growth and profitability prospects, but also on responsibility criteria that steer industries towards socially acceptable behaviour. In this regard, the Global Environmental & Ethical Fund is worth noting. This fund is managed by our subsidiary, Pioneer Investment Management S.A., and unites the two dimensions of sustainable development by providing investments in stocks of companies that satisfy specific ethical and environmental protection criteria. The fund's inflow was over 30 billion lire during its first six months.

In the area of guarantees and outside recognition for our social and environmental commitment, I would like to point out that in 2000 UniCredito Italiano was listed on the “Dow Jones Sustainability Group Index.” Only those companies with a credible commitment are listed and only after being ranked with respect to the sector in which they operate.





As a further measure to improve the credibility of our strategy, we decided to have this report audited, and, by the end of 2001, have the environmental management system certified, in which the programmes, responsibilities, actions, and verification and measurement of results are set out.

**Thus, this Social and Environmental Report gives UniCredito Italiano the opportunity to report on results achieved and the obligations it has assumed for the future, and at the same time, serves as a tool to involve all those who work with us, from our employees to our customers, suppliers and partners, to move clearly in the direction of sustainable development. In the future, all Group areas that wish to contribute to the creation of a consolidated social report will be able to set themselves this goal.**





## Introduction

**The Social and Environmental Report gathers all data and information to make it possible to establish a framework of the Group's activities and their impact on socially and environmentally sustainable development, which, in this first edition, is primarily centred on the parent company, UniCredito Italiano S.p.A., and Credito Italiano S.p.A., a federated bank, and offers some general information on the commitment of the entire Group which will be explored in detail in upcoming editions.**

Thus, the document is divided into three parts: an introduction to the Group's overall organisation and two parts specifically dedicated to the Parent Company and the Bank, which can be considered the "heart" of the Social and Environmental Report, covering in greater detail those aspects related to social, environmental and safety repercussions.

This structure is intended to retrace with our readers the vectors that characterise the "life of the Group," i.e., the way its strategic direction is defined, how social and environmental policies enacted by the Parent Company are implemented and how these permeate the distinct personality and operations of each of the federated banks.

In defining the framework for the information conveyed, this Social and Environmental Report takes into account the various roles, contributions, activities and geographic presence of UniCredito Italiano, as Parent Company, and Credito Italiano, as a commercial bank.

The goal of the Social and Environmental Report is to present the contribution made by UniCredito and Credito Italiano to the prospect of more sustainable development, by reporting (in a concise, complete and clear manner) how this is translated into specific action and behaviour adopted in all relations with its main associates: personnel, shareholders, customers and suppliers, institutions and society.

The determination of value added and its distribution provide a further representation, in an accounting context, of the ability of UniCredito Italiano and Credito Italiano to create value and share it with its stakeholders, and to combine interests and enhance mutual contributions which would otherwise become indistinguishable in the overall results of the individual companies.

The UniCredito Italiano Group's relative youth – it is still undergoing rapid and significant structural and organisational changes – and the spin-off of the Credito Italiano Division from the Parent Company (at the end of 1999) made a period-to-period comparison of the social and environmental data collected less significant, if not misleading. Thus, it was considered more appropriate to prepare a quantitative analysis for the year 2000, which represents a starting point for the further development and enhancement of this Social and Environmental Report, and a reference for future editions. This will make it possible in the future to assess the progress of performance and the extent to which goals are being achieved as a part of the Integrated Management System that is now being established.



The Social and Environmental Report of UniCredito Italiano and Credito Italiano adopts an original approach to the use of existing international and domestic sources – models and guidelines (Global Reporting Initiative, London Benchmarking Group, Business in the Community, Gruppo di Studio GBS, Istituto Europeo per il Bilancio Sociale, the Comunità e Impresa Group) and standards (AccountAbility 1000, Social Accountability 8000) – and is modelled on the principles put forward in these sources and those currently being established by the interbank team set up at the headquarters of ABI (Italy's Banking Association), to which UniCredito Italiano made its contribution.

As intended by Group management, the Social and Environmental Report takes on the role of a true governance tool. Thus, the gradual improvement and refining of the methods of identifying, recording analysing and comparing data over time, and also clearly and completely reporting the actions taken and results achieved are the primary interest, which is necessary for defining policies and strategic direction in the social and environmental areas. However, the Social and Environmental Report also strives to be a tool for measuring consensus and the degree to which stakeholders share the principles and obligations assumed, and serves as a valuable occasion to become acquainted with the Group.

**Therefore, we welcome all comments, observations and suggestions for making the document clearer, more readable and complete, and more in line with the expectations of the audience it addresses, first and foremost our staff, whose joint efforts are creating a new way of working and operating in the market.**

## A path to greater self-knowledge and self-measurement: how the Social and Environmental Report was conceived

**T**his document was developed as a part of a “path” marked by several significant stages:

**Sharing** Following the initial idea at senior management level, the nature and goals of the Social and Environmental Report were presented, discussed and shared with several management levels of UniCredito Italiano and Credito Italiano.

**Planning** A report structure was proposed that met the established goals, and a grid was established for collecting the necessary data and information; the format for the calculation of the distribution of value added among stakeholders was also developed.

**Distribution** The areas in charge of analysing the contribution of each organisational area of UniCredito Italiano and Credito Italiano to the implementation of the Group's values and guiding principles were involved and sensitised at special meetings.

**Coverage** Data and information were gathered to establish the information framework covering the commitment and action taken in social, environmental and safety areas.

**Reporting** The data and information were combined and streamlined in a draft document subject to subsequent improvements in terms of layout, coverage, language and graphics.

**Internal audit** The draft document was submitted to the areas involved in the process to check and share its content.

**External audit** The reliability of the data reported and the comprehensibility and completeness of information provided were assessed by an independent third party.

### The development of the Social and Environmental Report for 2001

**T**he work performed served as a key opportunity to discuss cultural values and the principles of sustainable development and social responsibility, making it possible to reinforce the company's commitment in these areas. This first effort to identify and analyse data and information revealed potential areas for improvement in terms of the completeness of information; the method for collecting, managing and processing data; and the structure of inter-area mechanisms for comparisons and participation among the areas involved.

The feedback obtained from the internal work of creating the Report, and from the analysis and assessment of the Advisor, the observations of stakeholders and suggestions from readers of this first edition will lay the groundwork and serve as an essential motivation for improving future editions.

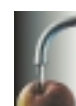
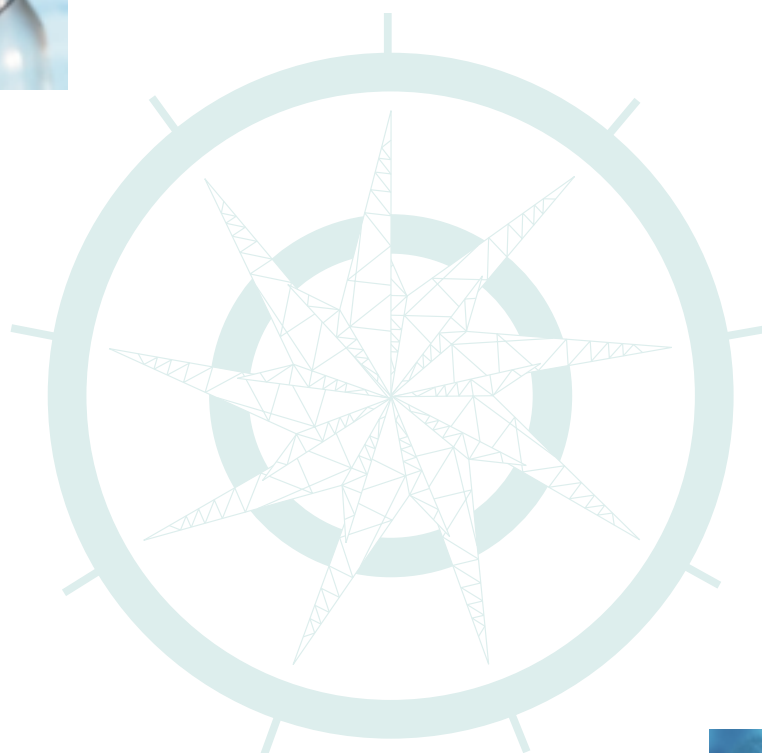
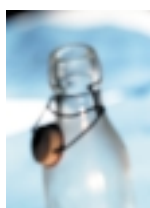
*The Project Group responsible for the preparation of the Social and Environmental Report*



Part One 

# The UniCredito Italiano Group

The Group's identity  
Summary description of the Group  
Towards the future



# The Group's Identity

## The UniCredito Italiano vision: guiding principles and mission

In today's world, economic development and social forces require increasing flexibility, the ability to adapt to and, the speed to accept, and if possible, anticipate change. In order to contribute actively and consciously to the change process and not simply be a part of it, it is essential to have a value system that inspires corporate decisions and clearly identifies the goal to be reached.

However, the key system of an economic entity for determining guiding principles and strategic goals can no longer be simply the market, but also society in its various manifestations: groups of workers, citizens and consumers... Sharing key values with them means establishing a common ground for growth where attention is focused not only on results, but also on the methods used to achieve these results.



In this regard, the principles guiding UniCredito Italiano serve as a fundamental aid: they provide a key to understanding the Group's future in relation to the outside world, and represent distinctive and binding elements for the development of a single Group identity, which is an expression and combination of the various "characters" that make up the Group. In addition, these principles delineate the framework within which UniCredito Italiano intends to apply its environmental, social and safety policies, operating with the awareness that it is able to contribute to the building of sustainable development.



### Ethics

The belief that “doing business” means obeying rules; that profitability is a reward for experience and commitment and not for “speculating” on customers/suppliers

### Experience

Never miss an opportunity to learn and teach, and to spread ideas so that they are shared by everyone, and to aim at achieving a leadership position in the products and services we offer

### Fairness

Set conditions for the fair and merit-based management of individuals by making specific investments in the improvement of their skills and behaviour.

### Creativity

Quickly interpret market changes and identify innovative responses by transforming new departures and uncertainty into opportunities for improvement and even radical change.

### Humility

Believe that effective working together is possible only when there is a true willingness to listen and a desire to compare different ideas.

### Pride

Be aware of your professional contribution and feel that you play an active part in the Group's successes.

### Growth

Realise that the Group's future is tied to balanced, constant growth, the pre-requisites for which (quality, efficiency, speed) are to be found in every activity by overcoming conditioning and resistance with energy and enthusiasm.

Spreading and sharing these guiding principles within the Group and at every organisational and management level of the units it comprises, will confirm and strengthen the competitive, ethical and distinctive personality of UniCredito Italiano through which the Group intends to present itself and operate in the market and in society, ultimately aiming for economically, socially and environmentally sustainable development.



## Mission

**T**he goals of UniCredito Italiano are:

**To become, and grow as, one of the leading banks in Europe in terms of market capitalisation and profitability** through:

- A clear focus on growth and innovation and a widespread presence in markets and segments with high profitability and significant financial strength;
- The enhancement of current businesses and the development of new businesses by co-ordinating the Group's distinctive capabilities;
- The achievement of results in line with the highest international standards.

**To generate value over time** for:

- Shareholders, by maintaining a high risk-adjusted return on capital, dividend growth and increased market value of investments;
- Customers, through excellent levels of service, products with a higher quality/price ratio than the competition, and dedicated distribution structures;
- Employees, through motivation and professional growth, the essential preconditions of which are fair and merit-based management and dynamic skill development.

**To operate in society as a citizen-enterprise:**

- By promoting "social responsibility" as an opportunity to enhance the human element, and as a process of improving relations with stakeholders;
- By pursuing balanced and harmonious economic growth from a social and environmental standpoint in the various national and European areas in which the Group operates.



The effective pursuit of our goals requires **a search for a clear competitive position** that meets the expectations of the Group's stakeholders.

**UniCredito Italiano wants to be, and to be perceived as, a Group which is:**

- focused on thoroughly understanding the needs of customers and internal and external interlocutors and desirous of establishing a lasting relationship with them;
- swift and timely in interpreting market, environmental and social changes, and creative in identifying innovative responses;
- determined to be a leader in the products and services it offers;
- motivated to provide incentives for its staff and to work with partners in order to offer the best response in terms of speed and professionalism.

## Summary description of the Group

### Origin of the UniCredito Italiano Group

**T**he UniCredito Italiano Group was the result of the October 1998 merger of Credito Italiano and Rolo Banca 1473 with Cariverona, Cassa di Risparmio di Torino and Cassamarca. In 1999 Cassa di Risparmio di Trento e Rovereto and Cassa di Risparmio di Trieste became part of the Group.

At present, UniCredito Italiano comprises seven banks in Italy and four recently acquired banks in Central and Eastern Europe: in June 1999 **Bank Pekao**, the second largest commercial bank in Poland, became a part of the Group; in April 2000 a controlling interest in the Croatian **Splitska Banka** was acquired, and in May a controlling interest in the Slovak **Pol'nobanka** was purchased; finally, in July 2000, UniCredito Italiano signed an agreement in Bulgaria for the acquisition of a controlling interest in the main bank of the country, **Bulbank**. As a result of these transactions, UniCredito Italiano has become the third largest western banking group in Central and Eastern Europe.



### Our federal organisational structure

**I**n order to pursue its mission, UniCredito Italiano adopted the multi-specialised, federal banking group as its organisational model. This structure makes it possible to centralise strategic planning, the Group's governance, production and everything else that helps to achieve economies of scale and purpose, while preserving and enhancing the distinctive character of each bank with its own history, identity and territorial roots.

Using this organisational structure, the Group intends to maximise:

- **The ability to develop business** with the focus of federated banks on commercial activities and coverage of their respective territory, the centralisation of planning and innovation functions and the concentration of specialised business units in dedicated companies;
- **Efficiency** by pooling product companies and combining service functions in the Parent Company or in dedicated companies.



The Group's organisation, which was achieved through structural changes at the Parent Company and in subsidiary companies, can be broken down into four major components:

- **The operating Parent Company** carries out functions of Group planning and governance and the operational management of functions where there are significant economies of scale and purpose, unless such functions are structured as dedicated companies;
- **Entities covering specific areas** (commercial banks, wholesale banking, the Internet and New Economy ventures, asset management and banks in New Europe) focus their operations on commercial activities and maintaining position in specific markets, territories and specialised businesses;
- **Product/Channel companies** active in specific sectors such as leasing, factoring, consumer credit and insurance brokerage make available a broad homogeneous range of high-quality products for the Group;
- **Common service companies** responsible for the unification, development and management of USI (UniCredit Servizi Informativi) information systems and the support of other Group entities, and the centralisation of UPA (Unicredit Produzioni Accentrate) service centres, as integrated units, provide efficient economies of scale.

## Credit institutions

## Financial and insurance companies

## Service companies

## Ancillary companies

Fully consolidated

### Credit Institutions

BANCA CRT S.p.A. - Main office: Turin

BANCA DELL'UMBRIA 1462 S.p.A.  
Main office: Perugia

BANCA MEDIOCREDITO S.p.A.  
Main office: Turin

CARIVERONA BANCA S.p.A.  
Main office: Verona

CASSA RISPARMIO CARPI S.p.A.  
Main office: Carpi

CASSA DI RISPARMIO DI TRENTO  
E ROVERETO S.p.A. - Main office: Trento

CASSA DI RISPARMIO DI TRIESTE  
BANCA S.p.A. - Main office: Trieste

CASSAMARCA S.p.A. - Main office: Treviso

CREDITO ITALIANO S.p.A.  
Registered office: Genoa

MEDIOCREDITO DELL'UMBRIA S.p.A.  
Main office: Perugia

MEDIOVENEZIE BANCA S.p.A.  
Main office: Verona

ROLO BANCA 1473 S.p.A.  
Main office: Bologna

SPLITSKA BANKA d.d. - Main office: Split ◆

UNICREDIT BANCA MOBILIARE S.p.A.  
Main office: Milan

BANCA AGRICOLA COMMERCIALE  
S.MARINO S.A. - Main office: Borgo  
Maggiore (San Marino) ◆

BANQUE MONEGASQUE  
DE GESTION S.A.  
Main office: Monaco (Montecarlo) ◆

BANK PEKAO S.A.  
GRUPA PEKAO S.A.  
Main office: Warsaw ◆ ★

BANK PEKAO  
(UKRAINA) Ltd - Main office: Luck ◆ ★

BANK POLSKA KASA OPIEKI  
TEL-AVIV Ltd  
Main office: Tel Aviv ◆ ★

CASSA DI RISPARMIO  
DI TRIESTE-BANCA d.d.  
Main office: Zagreb ◆

UNICREDIT FINANCE  
CORPORATION Ltd  
Main office: Nassau ◆

UNICREDIT (SUISSE) BANK S.A.  
Main office: Lugano ◆

UNICREDITO ITALIANO BANK  
(IRELAND) Plc  
Main office: Dublin ◆

BULBANK A.D. - Main office: Sofia ◆

POL'NOBANKA A.S.  
Main office: Bratislava ◆

### Leasing

LOCAT S.p.A. - Main office: Bologna

PEKAO LEASING Sp.20.0. - Main office: Warsaw ◆ ★

### Factoring

UNICREDIT FACTORING S.p.A.  
Main office: Milan

SOGEFACOR S.r.l. - Main office: Milan

GRIFOFACTOR S.p.A. - Main office: Perugia

PEKAO FAKTORING Sp.20.0. - Main office: Lublin ◆ ★

### Consumer credit

FIDITALIA S.p.A. - Main office: Milan

### Asset management

PEKAO/ALLIANCE PTE S.A.  
Main office: Warsaw ◆ ★

PIONEER INVESTMENT MANAGEMENT S.A.  
Main office: Luxembourg ◆ ▲

PIONEER INVESTMENT MANAGEMENT Ltd  
Main office: Dublin ◆ ▲

PIONEER MANAGEMENT (Ireland) Ltd  
Main office: Dublin ◆ ▲

PIONEER INVESTMENT MANAGEMENT S.G.R. S.A.  
Main office: Milan ▲

PIONEER INVESTMENT MANAGEMENT USA Inc.  
Main office: Boston ◆ ▲

### Credit institutions

BANCA C.R. SAVIGLIANO S.p.A.  
Main office: Savigliano

BANCA DI BERGAMO S.p.A.  
Main office: Bergamo

CASSA DI RISPARMIO  
DI BRA S.p.A.  
Main office: Bra

CASSA DI RISPARMIO  
DI FOSSANO S.p.A.  
Main office: Fossano

CASSA DI RISPARMIO  
DI SALUZZO S.p.A.  
Main office: Saluzzo

BANK HANDLOWY  
INTERNATIONAL S.A.  
Main office: Luxembourg ◆ ★

MHB MITTELEUROPAISCHE  
HANDELSBANK A.G.  
Main office: Frankfurt ◆ ★

### Leasing

LISEURO S.p.A.  
Main office: Udine

BDK DAEWOO LEASING Sp.20.0  
Main office: Lublin ◆ ★

### Tax collection

S.F.E.T. S.p.A. Società Friulana  
Esazione Tributi  
Main office: Udine

Verisparmio Ges. Tri. S.p.A.  
Main office: Verona

Consolidated by net equity method

◆ Registered outside Italy

★ Pekao Group company

▲ Pioneer Group company

PIONEER PEKAO INVESTMENT MANAGEMENT S.A.  
Main office: Warsaw ◆ ▲

PIONEER CZECH FINANCIAL COMPANY Sro  
Main office: Prague ◆ ▲

PIONEER CZECH INVESTMENT COMPANY A.S. - Main office: Prague ◆ ▲

PIONEER FIRST POLISH INVESTMENT FUND S.A.  
Main office: Warsaw ◆ ▲

PIONEER INVESTMENT MANAGEMENT Inc.  
Main office: Wilmngton ◆ ▲

ROLOFOND S.G.R. S.p.A. - Main office: Bologna

GESTICREDIT S.G.R. p.A. - Main office: Milan

FONDINVEST RISPARMIO S.G.R. S.p.A. - Main office: Turin

GESTIVENETO S.G.R. S.p.A.  
Main office: Verona

GESTIVENETO LUXEMBOURG S.A.  
Main office: Luxembourg ◆

ROLO INTERNATIONAL ASSET MANAGEMENT SA  
Main office: Luxembourg ◆

S+R Investimenti e Gestioni S.G.R. S.p.A. - Main office: Milan

PEKAO ALLIANCE TFI S.A.  
Main office: Warsaw ◆ ▲

## SIM

UNICREDITSIM S.p.A. Main office: Milan

XELION SIM S.p.A. - Main office: Milan

FIDA SIM S.p.A. - Main office: Turin

F.R.T. FIDUCIARIA RISPARMIO TURIN SIM S.p.A. - Main office: Turin

CREDITRAS PREVIDENZA SIM S.p.A. - Main office: Milan

## Tax collection

UNIRISCOSSIONI S.p.A.  
Main office: Turin

ESAMARCA S.p.A. - Main office: Treviso

GESPRO S.p.A. - Main office: Modena

## Preferred Shares issuers

UNICREDITO ITALIANO CAPITAL TRUST I  
Main office: Newark ◆

UNICREDITO ITALIANO CAPITAL TRUST II  
Main office: Newark ◆

UNICREDITO ITALIANO FUNDING LLC I  
Main office: Dover ◆

UNICREDITO ITALIANO FUNDING LLC II  
Main office: Dover ◆

## Other financial companies

CREDIT CARIMONTE S.p.A. - Main office: Modena

UNICREDIT IMPRESE S.p.A. - Main office: Milan

CORDUSIO Società Fiduciaria per Azioni  
Main office: Milan

CARIVERONA IRELAND Plc  
Main office: Dublin ◆

CRTRIESTE IRELAND Ltd - Main office: Dublin ◆

TYRERESCOM Ltd - Main office: Dublin ◆

UNICREDIT DELAWARE Inc. - Main office: Dover ◆

CDM GRUPY PEKAO S.A.  
Main office: Warsaw ◆ ★

PEKAO FUNDUSZ KAPITALOWY Sp.zo.o  
Main office: Lodz ◆ ★

PIONEER FINANCIAL SERVICES Sp.zo.o  
Main office: Warsaw ◆ ▲

PIONEER INTERNATIONAL CORP.  
Main office: Wilmngton ◆ ▲

PIONEERING SERVICES CORP.  
Main office: Boston ◆ ▲

PIONEER FONDS MARKETING GMBH  
Main office: Munchen ◆ ▲

PIONEER FUNDS DISTRIBUTOR Inc.  
Main office: Boston ◆ ▲

PIONEER GLOBAL FUNDS DISTRIBUTOR Ltd  
Main office: Hamilton ◆ ▲

## Ancillary companies

QUERCIA SOFTWARE S.p.A.  
Main office: Verona

TRIVIMM S.p.A.  
Main office: Verona

UNICREDIT PRODUZIONI ACCENTRATE Scpa  
Main office: Milan

UNICREDIT SERVIZI INFORMATIVI Scpa  
Main office: Milan

PIONEER PLANS CORPORATION  
Main office: Wilmngton ◆ ▲

## Asset management

PIONEER ALTERNATIVE INVESTMENTS MANAGEMENT Ltd  
Main office: Dublin ◆

PIONEER FUNDS MANAGEMENT Ltd  
Main office: Dublin ◆

UniCredit Capital Italia Advisory Company S.A.  
Main office: Luxembourg ◆

PIONEER UNIVERSAL PENSION FUND CO.  
Sede Warsaw ◆ ▲

KOTHARI PIONEER AMC Ltd  
Main office: Chennai (INDIA) ◆ ▲

TRINITY MANAGEMENT Sp.zo.o  
Main office: Warsaw ◆ ★

## Insurance companies

BROKER CREDIT S.p.A.  
Main office: Milan

Casse e Assicurazioni Vita S.p.A.  
Main office: Verona

COMMERCIAL UNION VITA S.p.A.  
Main office: Milan

CREDITRAS ASSICURAZIONI S.p.A.  
Main office: Milan

CREDITRAS VITA S.p.A.  
Main office: Milan

DUERREVITA S.p.A.  
Main office: Bologna

UNICREDITASSICURA S.r.l.  
Main office: Milan

GRIFO INSURANCE BROKER S.r.l.  
Main office: Perugia

Risparmio Vita Assicurazioni  
Main office: Turin

## Other financial companies

FIDIA S.p.A.  
Main office: Milan

EURO CAPITAL STRUCTURES Ltd  
Main office: Dublin ◆

Société Anonyme de Gestion Financière -SAGEFI  
Main office: Monaco ◆

PROMINVESTMENT S.p.A.  
Main office: Rome

JUPITER S.A.  
Main office: Warsaw ◆ ★

PEKAO TRADING COMPANY (Canada) Ltd  
Main office: Toronto ◆ ★

PEKAO TRADING CORPORATION  
Main office: New York ◆ ★

PIONEER NATIONWIDE Sp.zo.o  
Main office: Warsaw ◆ ▲

S.B. TRADE d.o.o.  
Main office: Split ◆

## Service companies

CONSORZIO CA.RI.CE.SE.  
Main office: Bologna

CREDITO ITALIANO INTERNATIONAL SERVICES (C.I.I.S.) S.r.l.  
Main office: Rome

IMMOBILIARE LOMBARDA S.p.A.  
Main office: Milan

UNICREDIT CONSULTING S.r.l.  
Main office: Milan

S.T.T. S.p.A. Main office: Verona

SEBI S.p.A. - Main office: Perugia

PEKAO INFORMATYKA Sp.zo.o  
Main office: Lodz ◆ ★

PEKAO DEVELOPMENT Sp.zo.o  
Main office: Lodz ◆ ★

PEKAO FINANCIAL SERVICES Sp.zo.o  
Main office: Warsaw ◆ ★

S.S.I.S. Società Servizi Informatici Sammarinese S.p.A. - Main office: Borgo Maggiore (S. Marino) ◆

Société Civile Immobilière CORDUSIO  
Main office: Montecarlo ◆

IMMOCRI S.p.A. - Main office: Rome

AGROCONS CENTRUM A.S.  
Main office: Bratislava ◆

## Staff and branches

	UniCredito Italiano	Credito Italiano	UBM	Banca CRT	Caritro	Cariverona	Cassamarca	Rolo Banca 1473
Number of branches	6	785	1	462	79	501	119	761
Number of employees	2,853	10,538	376	4,948	911	5,083	1,137	7,494

*\*Including 8 foreign branches.*

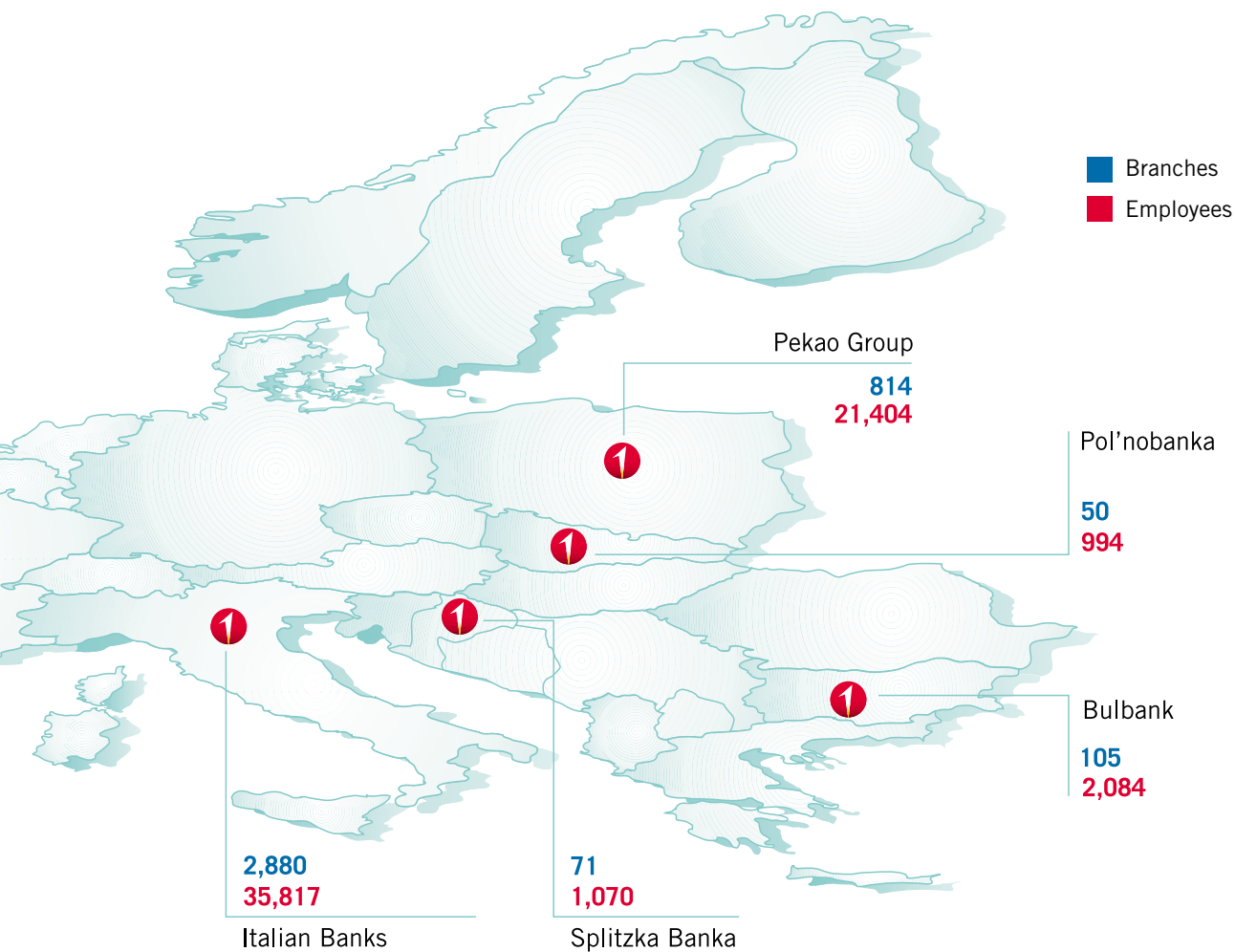


## Summary results

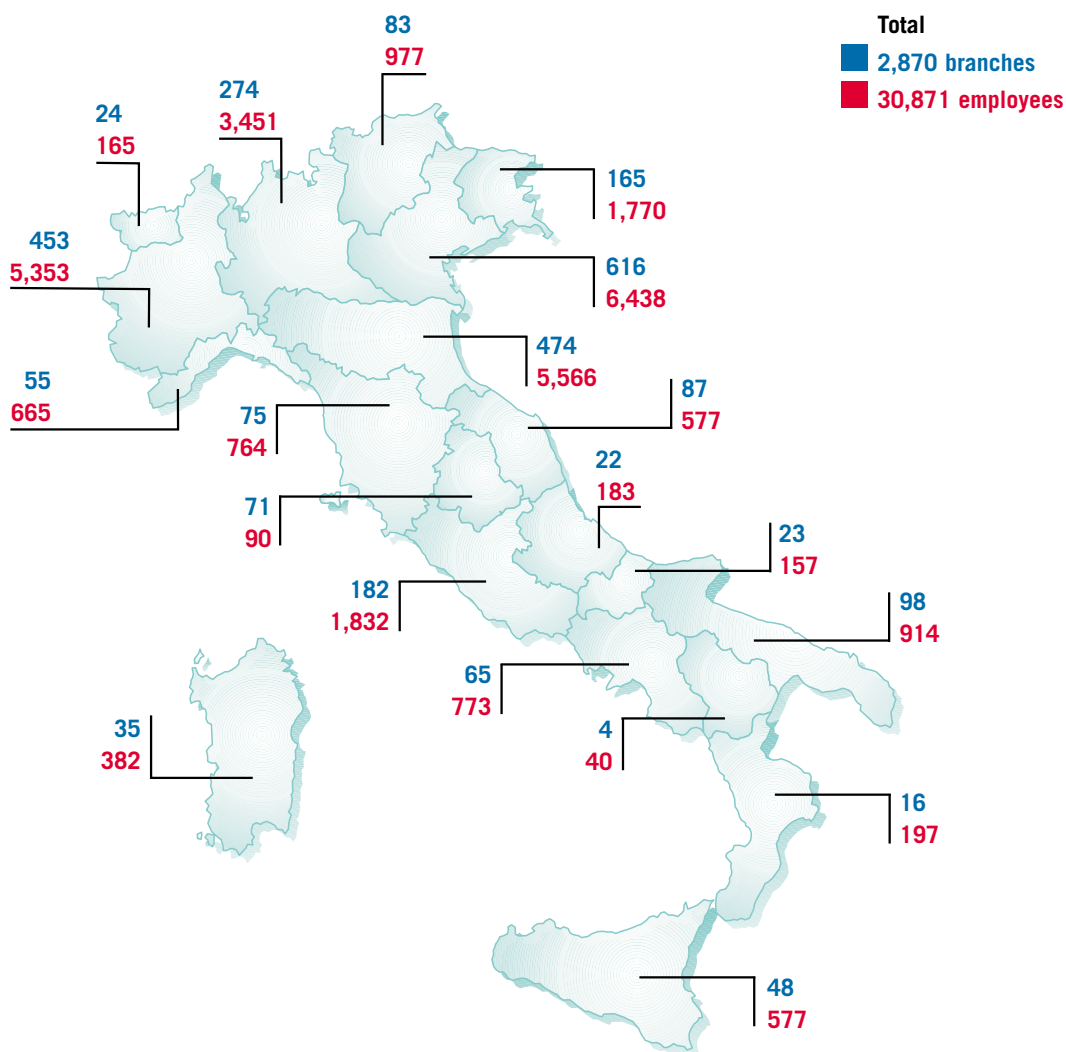
(AMOUNTS IN BILLIONS OF LIT.)	UniCredito Italiano	Credito Italiano	UBM	Banca CRT	Caritro	Cariverona	Cassamarca	Rolo Banca 1473
Deposits from customers and securities in issue	19,739.1	46,778.9	6,840.9	26,664.6	3,366.3	26,911.6	4,836.1	60,601.3
Loans to customers	13,513.2	55,030.5	5,446.3	18,619.5	3,690.6	27,005.3	5,085.4	55,895.9
Total revenues	3,447.8	4,554.1	859.8	1,961.8	291.3	2,200.3	410.9	3,380.8
<b>Net income 2000</b>	<b>2,346.3</b>	<b>1,046.2</b>	<b>301.6</b>	<b>456.8</b>	<b>55.6</b>	<b>624.3</b>	<b>100.2</b>	<b>950.1</b>



Other Italian banks	Total Italian banks	Pekao Group	Other New Europe banks	Other foreign banks	Financial and ancillary companies	Combined total	Consolidation eliminations and adjustments	Consolidated total
166	2,880 *	814	226	11		3,931	-	3,931
2,477	35,817	21,404	4,148	200	3,478	65,047	-	65,047



Other Italian banks	Total Italian banks	Pekao Group	Other New Europe banks	Other foreign banks	Financial and ancillary companies	Combined total	Consolidation eliminations and adjustments	Consolidated total
16,707.5	212,446.3	25,289.3	4,283.1	3,001.3	1,255.1	246,275.1	- 17,783.8	228,491.3
19,909.2	204,195.9	15,536.2	1,673.7	690.3	17,778.3	239,874.4	- 16,899.8	222,974.6
890.2	17,997.0	2,179.5	280.3	167.8	2,351.5	22,976.1	- 4,933.4	18,042.7
68.5	5,949.5	393.2	122.1	91.6	709.2	7,265.6	- 4,564.8	2,700.8



## The distribution model

The increase in the Group's size, the development of innovative technologies in the areas of automated telecommunications and networking, growing customer demand for rapid and timely information and greater participation in the management of investments, together with the Group's desire to maintain close contact with individuals and its territorial roots, led UniCredito Italiano to review its distribution model.

Following this reasoning, distribution channels were recently added to and rationalised with the introduction - alongside traditional branches - of several innovative types of customer interaction as truly evolved, "multi-channel" services. These include networks of financial consultants, in-store branches (bank branches located within hypermarkets), telephone banking services and Internet banking. In this sector

UniCredito Italiano is active, among other things, with online trading services offered by several Group banks, and with the new multi-channel bank, Xelion, which is capable of offering high value-added services to satisfy investment, saving and banking needs. In addition, there is a broad range of Group and third party products: trading, funds, insurance/pensions, and basic banking products.



As at 31 December 2000 the domestic banks in the Group had a total of 2,870 branches<sup>1</sup>. During the year there were 100 branch openings (including the UBM branch in London) and 12 closures; in addition, 4 branches were purchased and 10 were sold in accordance with the provisions of the Antitrust authority aimed at avoiding the consolidation of dominant positions in local markets.

In Italy, the majority of the Group's branches (about 75%) are concentrated in Northern Italy with widespread area coverage. In central and southern regions, the presence is extensive, but less widespread, and most significant in the regions of Latium, Apulia and Campania.

With regard to foreign banks, the number of branches of the Pekao Group rose to 814 compared to 722 at the end of 1999. Taking into account the 226 branches of the other banks in New Europe, and the 11 branches of other foreign banks, at the end of 2000 the overall Group network included 3,931 branches.

The operations of financial promoters are an important complementary channel to the branch network. This business is carried on within the Group by UniCreditSim, the company that will participate in the project for the new multi-channel bank through a merger with Xelion.

As at 31 December 2000 the financial consultant network totalled 1,696 people.



<sup>1</sup> In addition to 8 foreign branches and 2 bank branches.

## Towards the future

There was a shift from the strategy that UniCredito Italiano followed in the nineties. Focus moved from the restructuring and re-launching of domestic operations to the creation of a broader, more ambitious strategic plan aimed at creating value for shareholders and stakeholders.

### Strategy in the nineties

- Restructuring of domestic business
- Segmentation of customer operations
- Improvement in efficiency and profitability levels
- Growth in market share internally and through acquisitions

### The new strategy

- Further improvements in profitability
- Rationalisation of the mix of operations and capital
- Investments in new, high-growth-potential areas (Wholesale Banking, New Europe and New Economy ventures)
- Increased focus on the social responsibility of the business

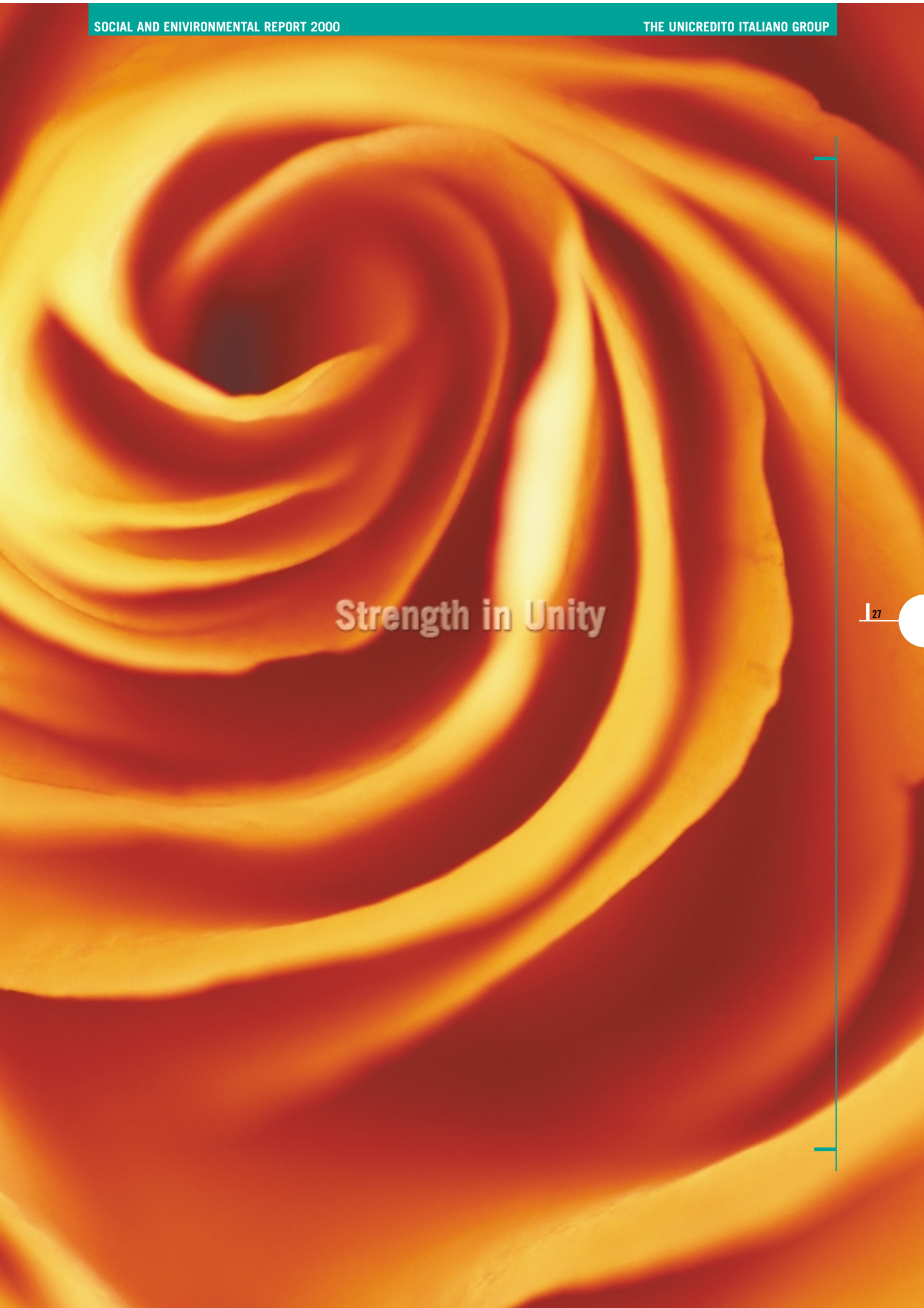
The new strategy takes different directions and sets different goals for distribution and production:

#### DISTRIBUTION

- Further improvement in commercial banking activities in Italy through the evolution of existing service models.
- Growth in New Europe, seizing opportunities in countries where the Group already has a presence with significant market share (Poland, Bulgaria, Croatia and Slovakia) and in other countries in the area that are considered attractive due to their high potential.
- Ventures focused on enhancing New Economy opportunities (Xelion, Clarima).

#### PRODUCTION

- Internationalisation of asset management activities.
- Strengthening of the investment banking division by taking advantage of niche opportunities abroad.



## Strength in Unity



In order to meet the challenges posed by the new strategic plan in distribution and production, the Group has adopted a new divisional structure: the Italian Banking Division, the New Europe Banking Division, the Wholesale Banking Division, and Xelion and Clarima now report directly to the Managing Director/CEO.



The goal of the Group's strategic plan is to create value for shareholders and stakeholders by pursuing sustainable development over time. This development is the result of short-, medium- and long-term investments, which will expand and strengthen traditional business, develop emerging businesses (New Economy ventures, geographic expansion and the internationalisation of several ventures) and identify new "sustainable development" options to be included in the portfolio of projects for future development.

With regard to the sustainability of this development, it is essential that considerations of the direct and indirect social, ethical, environmental and safety implications of this development accompany and guide the pressure for research and change starting with the decision and design phase of each new venture.

The new strategic directions of UniCredito Italiano will require substantial investment, especially in terms of the creation and offer of innovative products, instruments and channels.

Innovation is thus one of the key words in the Group's growth and the driving force in its development.

UniCredito Italiano intends to set itself apart by creating new ways of communicating, of relating to the outside world, of providing services and operating in the market: in a nutshell, by associating **INNOVATION** with...

### ...INTEGRATION

Innovation can mean the creation of a meeting-place between the bank and the area where it is located: **Vivacity** is a venture created out of an alliance between UniCredito Italiano and Kataweb (the Web division of the L'Espresso Publishing Group), which is aimed at establishing a number of online local portals covering the cities where the Group banks have a strong presence. The partnership is based on the fact that several large UniCredito Italiano offices in Italy coincide with those of L'Espresso Group newspapers. Since October 2000 the Trieste portal, created in collaboration with CRTrieste, has been active and since December a further 19 city portals have been activated completing the project phase for 2000. During the first half of 2001 a second set of portals will be launched for another group of cities.



The portals are structured around four major themes: general interest services, news taken from sources of L'Espresso Group and local newspapers, accompanied by a section on life-style and social relations, a financial and banking section, and an e-commerce section. In addition to the local portals, there will be a national portal that will also allow customers living in other cities to be encouraged to use this form of innovative communication.

### ...SERVICE

Innovation can mean focusing on savers who desire an active role in the management of a large or small part of their assets. In 1999 the **TradingLab®** project was launched. This is the personal finance department of UniCredit Banca Mobiliare which created an in-house portfolio of products and high-value-added investment services capable of satisfying this demand. In May 2000 **Xelion** also opened for business. This online Group brokerage company is entirely dedicated to investments on the Internet. With Xelion, customers obtain tailor-made solutions for their needs and themselves decide how, where and when to use the bank. Through this company UniCredito Italiano intends to provide support to investors in the effective management of their savings and to help them grow by providing solutions and instruments that can be personalised and by making available a bank built on the multi-channel model which operates through financial consultants based in financial centres (and in future, through interactive TV). The most recent new arrivals include **Clarima**, the company that will create a bank capable of serving the household market by offering a range of simple, easy-to-access, convenient products with a high level of service, to be distributed through innovative channels.





### ...TRANSPARENCY

Innovation can mean a focus on the growing public sensitivity to environmental protection, fair trade and ethical business practices: the **“Global Environmental and Ethical Fund”**, a mutual fund managed by Pioneer Investment Management S.A., helps investors who are sensitive to these issues to steer their investment choices towards stocks and financial instruments associated with business activities which satisfy ethical and environmental protection principles.



Innovation can mean providing investors with instruments which, by making the calculation of the risk/return ratio that they find acceptable absolutely transparent, allow them to manage their investments in a more straightforward and informed way. To meet this need,

TradingLab® researched and developed a risk measurement unit called **KILOVAR®**. KILOVAR® is an indicator that measures investment risk expressed in terms of the maximum loss over a period of a day.

### ...CO-OPERATION

Innovation can mean assuming the role of financial consultant with companies that have a new way of managing commercial relations with their partners (customers and suppliers): with **i-Faber**, UniCredito Italiano acts as a neutral partner between buyers and sellers through the creation over the Internet of virtual markets organised by sector (vertical markets) and by types of products and services common to several sectors (horizontal markets).

Innovation can mean offering investors the ability to operate in financial markets using the same means as institutional players and to have easy access to trading in a complete range of financial instruments available in the same market: in January 2000, TradingLab® launched the organisation of an automated trading system based on Internet technology called **TLX®**, the so-called ECN (Electronic Communication Network) or global electronic market, in which, through a broker of choice, it is possible to trade stocks, bonds, covered warrants, benchmarks and other securities outside bank business hours. This market is not only dedicated to new investors and attentive to the need for convenient hours and competitive charges, but also open to new issuers of securities and thus capable of offering greater freedom of choice.



## Towards a Stakeholder Economy

The issue of *ethical and social responsibility* in business management has acquired a greater civic meaning in business strategies, and represents a challenge for the success of businesses in the twenty-first century.

UniCredito Italiano intends to pursue its mission by stimulating dialogue with stakeholders (through socially responsible investing activities) with the intent of spreading its culture, and the values and ethical principles which it expresses, in order to make them more widely shared.

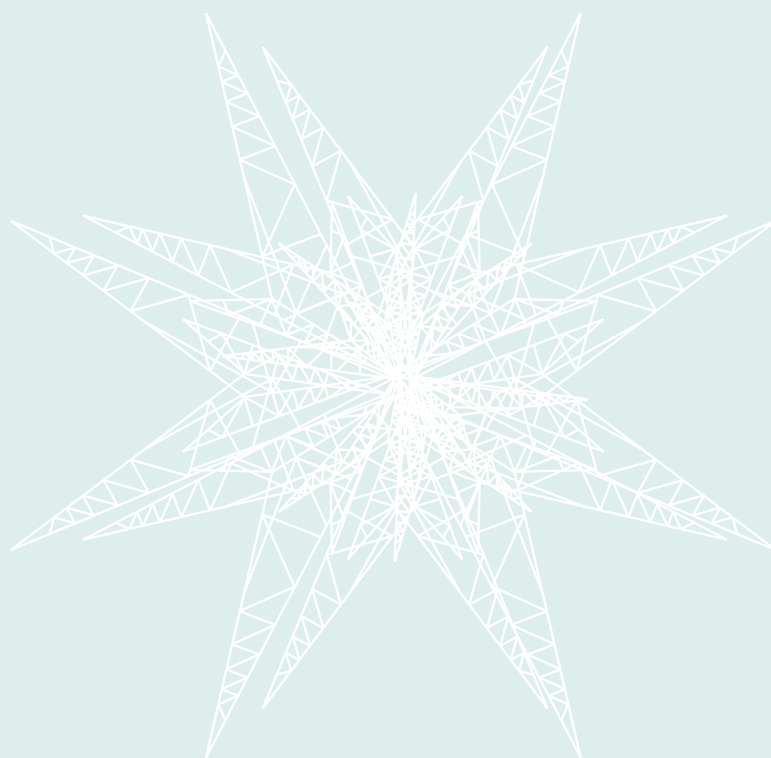
Thus, the improvement of performance and services offered is also subject to the adoption of policies for the promotion of social and environmental awareness. The action plan in this area is focused on:

- The expansion of financing for environmental management increasing the involvement of new companies that support the financial services programme for environmental certification developed by UniCredito Italiano;
- The promotion of a risk assessment methodology that includes the analysis and assessment of the environmental risks of businesses financed in order to promote the gradual introduction of the rationale of sustainable development in industrial strategies.

- The commitment to identify innovative tools to disseminate information on the issues of environmental management and sustainable development through the completion and constant updating of a dedicated Internet portal.

UniCredito intends to promote the ethical business perspective proposed by senior management (using ethical codes and an ethics officer) by focusing priorities on the strategic aspects of activities with the goal of increasing the ethical awareness of the organisation and enriching human capital resources.

The annually published ranking, by the prime minister's office, of financial intermediaries that operate in the legal export of arms and weapons systems has put the Bank in a delicate position from a moral standpoint and in a complex situation from an operating standpoint: how to respond to growing requests for disengagement coming from broad sectors of public opinion and a majority of entities that have fiduciary relationships with the Bank. Granted that there is freedom of expression on an issue that concerns constitutionally guaranteed rights and granted also the principle of business freedom, the UniCredito Italiano Group has decided to launch a process of gradual disengagement from these activities in the belief that the first priority is to affirm our ethical vision of banking.



Commitment and shared values



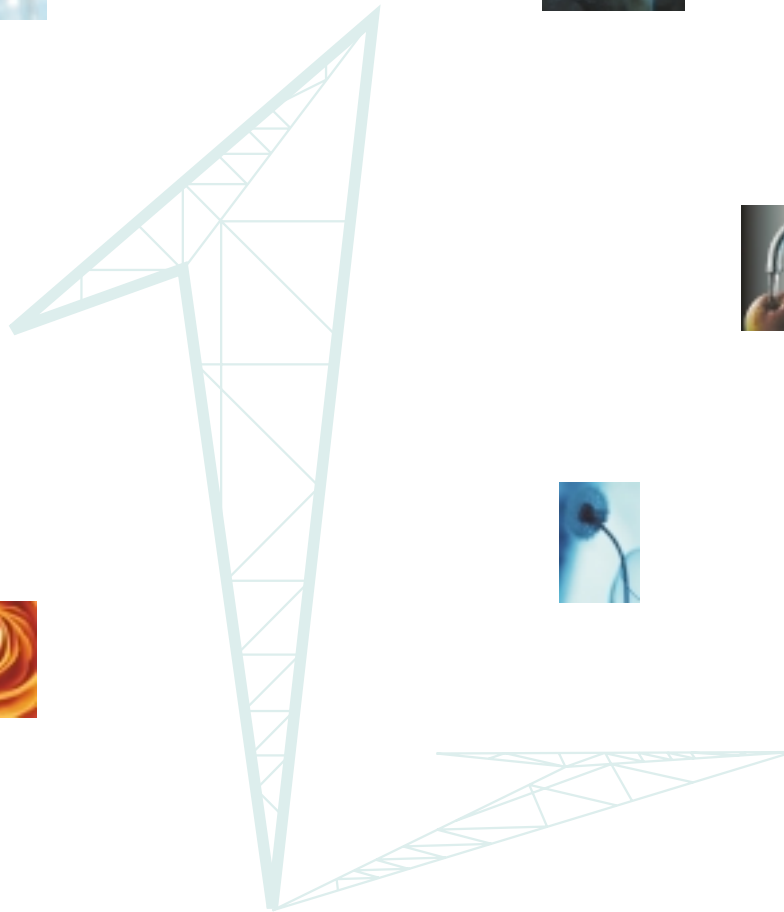
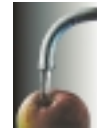
**UniCredito Italiano Group**



## Part Two

# The Parent Company: UniCredito Italiano S.p.A.

- Role and functions
- Environmental, social and safety policies
- Teamwork: Partners in sustainable development
- Human resources
- Other partners
- Calculation and breakdown of value added
- The integrated management system



## Role and functions

The new architecture of UniCredito Italiano assigns to the Parent Company strategic planning and governance functions for the various Group companies and the operational management of functions that allow for economies of scale and purpose.

The Parent Company's mission is to maximise the value of the Group as a whole through unified governance, the development of strategies and making sure that they are implemented, direct management of businesses and specialised activities and the efficient rendering of common services.

In line with the values and principles of UniCredito Italiano, the policies for the management and development of human resources and for relations with key stakeholders are developed as a part of the activities carried out by the Parent Company.

### Parent Company areas that are primarily involved in the management of social, environmental and safety issues

#### Divisions and Units

#### Goals

##### Group Audit

Assess the functionality of internal control systems at Group level; oversee the proper execution of operations and their compliance with the law, regulations and Parent Company guidelines.

##### Human Resources

Define policies for the development and management of human resources; manage Parent Company staff and key Group personnel; manage industrial relations in line with guidelines and defined goals.

##### Legal and Corporate Affairs

Identify the best corporate strategy for carrying out the Group's acquisition and restructuring projects; ensure the accuracy of corporate compliance and legal consulting in general.

##### Risk Management

Exercise the function of risk management, ensure the proper management of credit risk, handle all accounting and tax compliance matters and those concerning Group equity investments.

##### Planning and Finance

Coordinate the planning process at Group level, manage investor relations and Merger & Acquisition and Treasury operations.

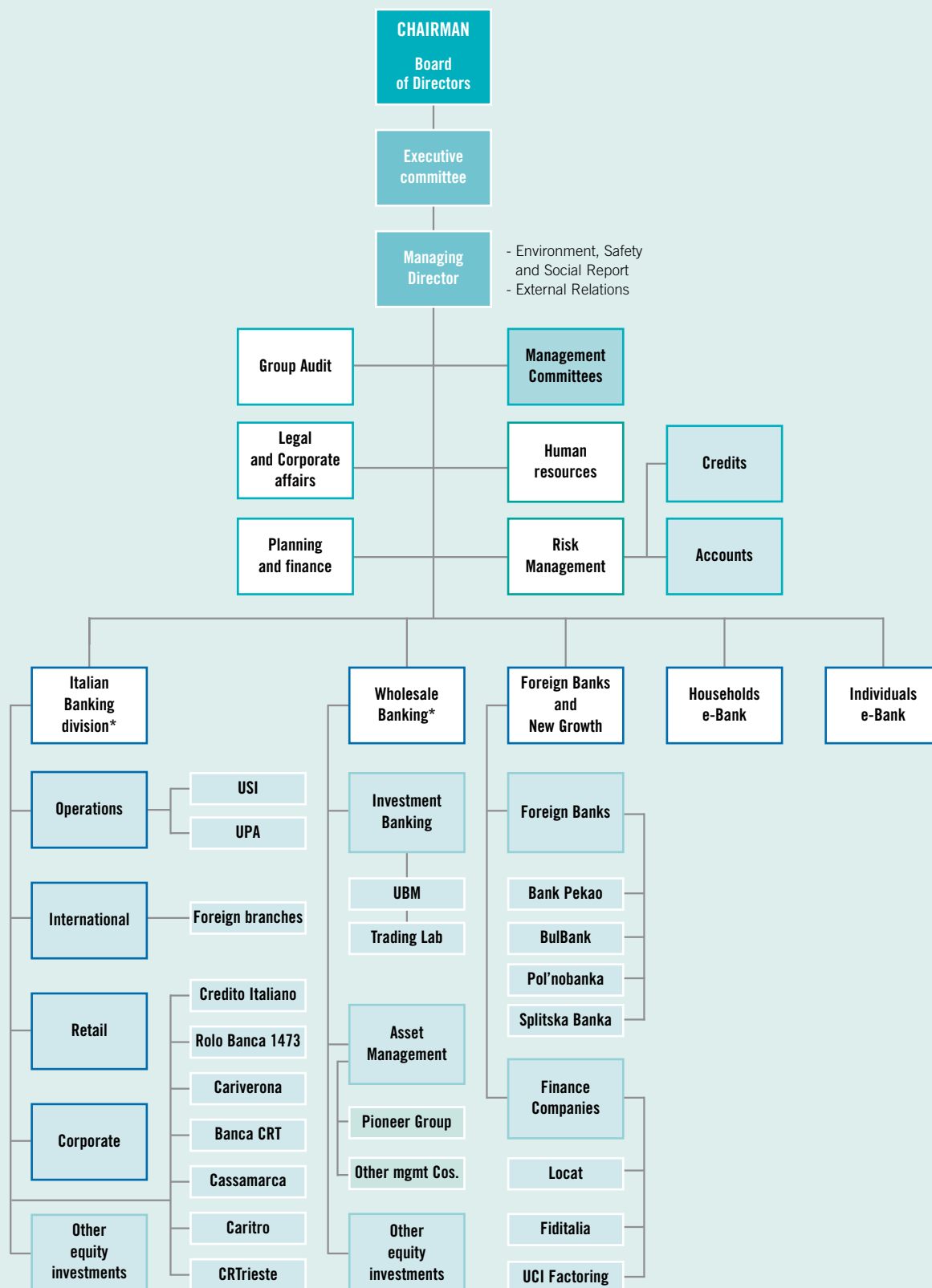
##### External Relations

Support senior management in the management of external communications and develop a Group image in line with top management's strategies and guidelines.

##### Environment Safety and Social Report

Ensure legislative compliance in the area of accident prevention and protection in the work place and environmental protection; promote behaviour that will increase social responsibility and sustainable development.

# Structure of UniCredito Italiano



\* Position held by a Deputy CEO.

## Environmental, social and safety policy

**T**he growing importance that UniCredito Italiano has attained in the credit and financial industries increases our awareness of the effects that our activities and corporate decisions have on the socio-economic environment in which we operate. This environment is not only made up of our customers and the economic activities with which we interact in various ways, but also the institutions, social parties and all private citizens who believe in the possibility of sustainable development and works, each in its own way, to achieve this goal.

UniCredito Italiano can contribute to the achievement of such an ambitious goal only if it is able to meet the responsibilities connected with the social role, environmental impact and safety conditions that are a part of its activities.

To ensure a commitment that measures up to these responsibilities, we have adopted certain principles to guide the decisions and behaviour of all our people, with the intention of promoting the idea of sustainable development in the most concrete way possible.



UniCredito Italiano's primary, mandatory commitment is the continuing guarantee over time **that it will strictly observe current regulations** safeguarding the environment, protecting society and ensuring an health and safe working environment. Full compliance with the law is a fundamental prerequisite for the goal of sustainable development; starting from this base it is necessary to make a commitment to **continuous improvement**.

**Safeguarding the environment** is a priority for our company. Although the overall operations of UniCredito Italiano have a relatively limited impact, our commitment can contribute to an improvement in the management of several environmental problems.



- Optimising the consumption of natural resources is essential to ensure sustainable development. In particular, given our use of certain non-renewable energy sources, limiting our consumption is a crucial goal for our company.
- One of the natural resources that UniCredito Italiano uses to a greater extent is vegetable fibre for the production of paper, which is the main raw material in the world of finance. To ensure a constant reduction in the consumption of this resource, we are committed, on the one hand, to optimising management and organisational processes by increasing their computerisation, and on the other hand, to managing procurements using criteria aimed at enhancing the use of recycled paper products derived from the recovery of pulp material.

- The production of waste, and especially paper waste, is another significant environmental impact directly connected to the operations of UniCredito Italiano. Our commitment is constantly to seek and identify new opportunities to recover and re-use waste generated and collected in a selective manner, in particular by sensitising and involving the waste disposers that we use. With regard to paper waste, this commitment is translated into the increased recycling of waste, which is produced in large quantities, as a secondary material for other activities.



UniCredito Italiano is also committed to offering its contribution to development that is "sustainable," i.e., balanced and harmonious, from a social standpoint as well.

- The rights that are guaranteed to workers by legislative and judicial systems in industrialised countries have been fully and unconditionally implemented into the operations of UniCredito Italiano.
- The increasing attention we pay to industrial relations is intended to make sure that these guarantees are known, shared and easily usable by all employees.
- Our commitment is also aimed at contributing (beyond all legal guarantees) to the complete achievement of the social goals of equal opportunity for female workers, the support





of social entrepreneurial activity and voluntary work, the placement of the disabled in work environments, the protection of minorities and safeguards against the exploitation of child labour.

The protection of the **safety** and **health** of workers is a priority for UniCredito Italiano.

- In addition to the constant emphasis on employees exposed to the typical risks in the service sector, UniCredito Italiano is committed to assessing potential risks, monitoring work conditions and adopting preventive and protective measures.
- There is a special focus on preventing safety and health risks, including when these risks involve individuals outside the company who have access to UniCredito Italiano.
- The management of potential emergency situations and the prevention of the risks associated with passive smoking represent significant commitments to staff, the public and our customers.

The principles of safeguarding the environment, protecting society and ensuring safety that have been adopted by UniCredito Italiano are considered priority goals for all individuals who work at the company, and on the same level as profitability and productivity.

The implementation of these principles is ensured by the Integrated Management System adopted by UniCredito Italiano to improve its environmental, social and safety performance.

Through the implementation of this system, the company is committed to:

- Identifying, measuring, assessing and managing the effects of its operations in the context of continual improvement;
- Making available the financial and technical resources needed to effect this improvement;
- Sensitising, informing and training employees so that each is aware of and capable of committing to the implementation of the principles adopted;
- Performing an advance assessment of the potential impact of any new company activities on the environment, health and safety of workers, by examining the feasibility (from the cost angle as well) of using “cleaner” procedures and technologies.



## Transparency



Aware that our efforts alone will not allow us to reach our goal of sustainable development, we are also directing our commitment to all the **interested parties** that have relationships with our company, who in turn are able to produce direct (negative or positive) effects on social, economic and environmental systems. UniCredito Italiano intends to steer the behaviour of these entities towards an increasing level of sensitivity:

- By sensitising and selecting its suppliers in such a way that they conform with the guiding principles adopted by UniCredito



Italiano, and guarantee environmental efficiency and the safety and ethical basis of their operations, services and products in accordance with the Integrated Management System adopted by the company;

- By motivating its customers and offering banking services that favour companies committed to pursuing sustainable development and provide reliable guarantees of their commitment;
- By targeting specific lending programs to consumers and households designed to foster personal initiative and encourage individuals and families to contribute to the well-being of society with a view to promoting balanced social development;
- By adopting investment policies aimed at giving preference to economic activities that combine potential profitability with a significant commitment to social, environmental and safety issues;
- By working with competent institutions and authorities with the intent of exchanging information, making the company's experience available and supporting regulatory and control activities, inter alia through the adoption of agreements and initiatives on a voluntary basis;

- By communicating with social parties (the public, local communities, environmental groups, user and consumer groups) interested in the company's services through continual information on social and environmental issues and by accepting suggestions or complaints from these parties;
- By co-operating with non-governmental organisations in implementing initiatives aimed at the cultural, social and environmental development of society;
- By contributing to the activities of research institutes and universities engaged in studying and discussing these problems.



Credible commitments are continually being verified. For this reason, UniCredito Italiano voluntarily allows independent third part to **verify and assess** its operations and the results achieved in the area of socially and environmentally sustainable development. The ratings assigned by internationally recognised institutions have a critical role in these assessments.

In this context, the participation of UniCredito Italiano in the European Union's **EMAS** (Eco-Management and Audit Scheme) is at once a commitment, recognition and guarantee that our company intends to maintain.

## Teamwork: Partners in sustainable development

UniCredito Italiano's plans, inspired by sustainable development, are shared with the various stakeholders (i.e., interest groups who for a number of reasons interact with the company's activities by sharing in income, influencing performance and assessing their social impact) in order to create a true partnership relationship with them.

To ensure that this happens, it is first necessary to know and be known by stakeholders, to establish a position regarding common goals and targets to be achieved, and to identify strengths that can be leveraged to improve social, environmental and safety performance.

These processes must start from within the company, from the people, who on a daily basis through their work create value in UniCredito Italiano and Credito Italiano. In this context, employees become partners when they are given the framework for active participation in, and contributing to the plans for sustainable development in an environment characterised by clarity, transparency and the ability to motivate through skilful worker management and internal relations.

In addition to employees, there are many other stakeholders capable of becoming partners in the sustainable development of UniCredito Italiano and Credito Italiano.

Most prominent among these are **shareholders** who are asked to share their best strategies and solutions in order to combine profit generation with social responsibility. **Customers** and **suppliers** are partners in the enhancement of ethical, social and environmental aspects and in the protection of the health and dignity of workers among the variables that govern contractual relationships and the market.

Finally, **institutions** and **society** are partners. With their assistance initiatives for improvements, joint collaboration and agreements take shape that make specific contributions and increase the awareness of the role that each plays in the promotion of sustainable development.

In the following pages, and later in the corresponding section on Credito Italiano, we provide background on the social relationships with several partners in sustainable development.

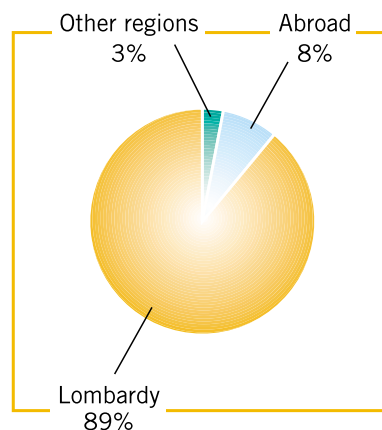
## Human resources

The Parent Company employs 2,853 individuals including employees coordinated by UPA (954 individuals) and USI (432 individuals). If the foreign network comprising 8.4% of total staff is excluded, nearly all operations (and thus, the labour force) are located in Milan which is the headquarters for management structures and the units that provide central support services to Credito Italiano and other Group banks and companies. The growth in responsibility associated with professional roles and duties, which has occurred at the same time as the gradual downsizing (due to organisational restructuring and the gradual automation of work) of the number of employees with clerical and back-office duties, has led to a significant rise in managerial staff<sup>1</sup>, which represents 41% of total employees.

### Composition of staff by category<sup>2</sup>

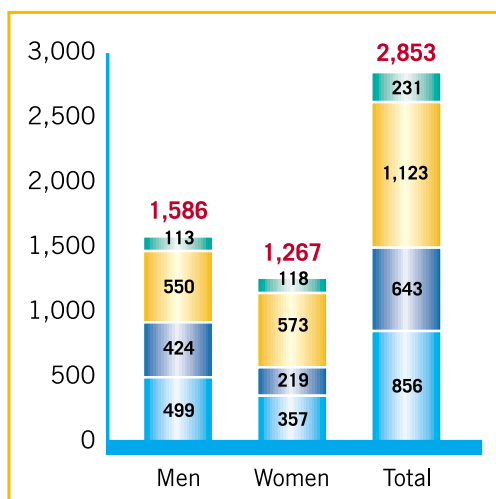
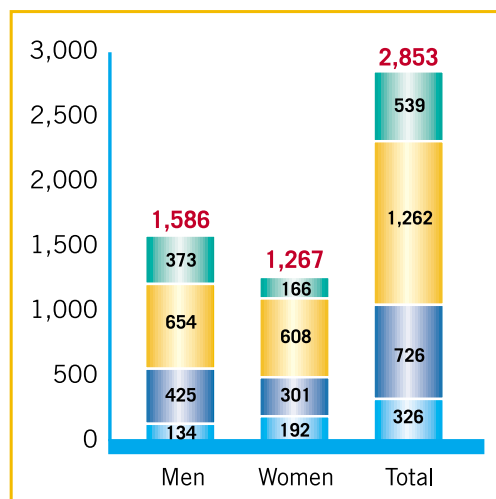
Categories	Men	Part time	Women	Part time	Total
Senior managers	116		5		121
Executives	766		264	15	1,045
Clerical staff	604	57	564	418	1,643
Messengers/auxiliaries	43		1		44
<b>TOTAL</b>	<b>1,529</b>	<b>57</b>	<b>834</b>	<b>433</b>	<b>2,853</b>

### Geographic distribution of Parent Company staff



1. Management officers are included in managerial staff in addition to senior managers.

2. With the introduction of the new regulation on staff hierarchy as stipulated under the National Collective Labour Contract of 11 July 1999, staff previously included in the category of executives and corporate officers are now included in the new category of managerial staff.

*Breakdown by length of service class**Breakdown by age category*

■ Up to 10 years     ■ From 21 to 30 years  
■ From 11 to 20 years     ■ Over 30 years

■ Up to 30 years     ■ From 41 to 50 years  
■ From 31 to 40 years     ■ Over 50 years

*Average length of service and average age by category*

Categories	Average length of service		Average age	
	Men	Women	Men	Women
Senior managers	15.1	13.9	49.1	42.4
Executives	17.8	17.8	44.0	42.1
Clerical workers	16.3	19.1	41.8	41.0
Messengers/auxiliaries	15.3	6.2	44.1	42.3

The action taken to increase the employment of young workers and the creation of new professions have directly resulted in a significant presence of workers with length of service of less than 10 years (about 30%).

Seventy percent of staff falls into an age category that can be defined as “intermediate” (from 31 to 50). The percentage of young people under 30 (11.4%) is interesting despite the gradual increase in the average age of new recruits, who are increasingly recruited among individuals with better educational qualifications.



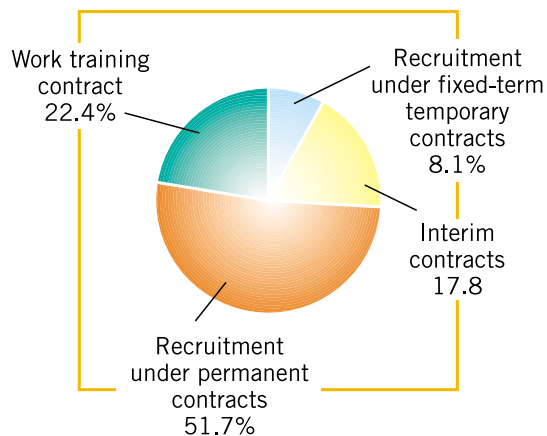
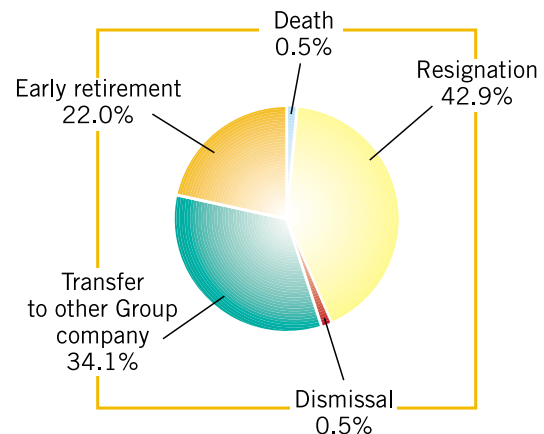
**Protected categories**

	Total
Disabled (Article 1 of Law 68/99)	149
Orphans, widows, refugees	68
<b>Total</b>	<b>217</b>

**Turnover**

Compared to data for the beginning of 2000, when Credito Italiano and UBM were spun off from the Parent Company, staff increased by 184 employees (6.9%). Permanent contracts represented over a half of new labour contracts. In addition, innovative ways of sourcing labour were used; these incorporated greater flexibility by entering into certain contracts to provide interim and temporary labour to meet needs in excess of normal operating requirements. New training and labour contracts were entered into for recruiting young people to expand the telephone banking operation. During the year, 7 of 79 interim labour contracts and all training contracts that expired were converted to permanent contracts.

There were 182 terminations, of which 40 were for early retirement. In fact, UniCredito Italiano is continuing its extraordinary provision of early retirement incentives, which in 2000 entailed a total outlay of Lit. 6 billion. The organisational restructuring resulting from the corporate evolution of the Group also led to a significant number of intra-group moves totalling 34.1% of overall reductions.

**New Employees****Leavers**



## Salaries, incentives, career development

In order to grow together, it is necessary to share principles and goals, to be able to pool our knowledge, experience and resources, and to feel part of a project and participate in its results.

Accordingly, compensation policy, incentive systems and career development at UniCredito Italiano are all based on the principles of fairness, competence, pride and growth. It is important to find and apply mechanisms that make it possible to recognise and enhance the contribution of each individual to Group results, to strengthen this contribution by ensuring fitting and continuous human resource development and to share the contribution through the fair and merit-based management of individuals.

At UniCredito Italiano this means applying transparent methods and processes for the assessment of performance, establishing incentive systems based on the assignment of concrete and measurable goals and ensuring continuous monitoring and updating of the necessary managerial and professional skills to which career paths within individual companies and the Group can be linked.

### Incentives

UniCredito Italiano has provided a stock option plan for management and a shareholding plan for employees with the goal of fostering motivation and the drive to achieve results and involve all staff in the Group's operations. The plan which was implemented affected the employees of the Parent Company and other Group companies in Italy: common shares of UniCredito Italiano S.p.A. were distributed free of payment (being issued pursuant to Article 2349 of the Civil Code and subject to a lock-up restriction of 3 years from the issue date, in an equivalent amount of Lit. 4 million for each employee) to about 24,000 employees as a part of a revision of the Corporate Incentive structure, and stock options were distributed free of payment to approximately 300 employees with the goal of fostering the growth and improvement of results over time and encouraging employees who are particularly important to the Group to stay with the company.

### Career development

Due to the creation of new jobs in the commercial, specialist and staff structures, and due to the higher responsibility assigned to certain existing positions, out of the overall increase in the number of employees (184), in 2000 managerial staff rose by 106 employees (up by 10%).

***Career development: promotions***

	Men	Women	Total
Messengers/Auxiliary staff promoted to clerical level	7		7
Promotions within clerical categories	22	30	52
Clerks promoted to supervisor and senior supervisor level (to 30.4.2000)	27	3	30
Supervisors promoted to senior supervisor to 30.4.2000	3	2	5
Clerks/supervisors/senior supervisors promoted to executive level to 30.4.2000	21	13	34
Clerks promoted to managerial staff starting 1.5.2000	22	17	39
Promotions within categories of managerial staff starting 1.5.2000	28	18	46
Promotions to senior management starting 1.5.2000	17	3	20

**Salaries*****Average gross salaries by category***

Categories	Thousands of Lit.
Senior managers	231,240
Executives	98,467
Clerical workers	48,614
Messengers/auxiliaries	46,168

In general, the tables in the National Collective Labour Contracts are used for determining salaries. Operating in a labour market with a growing tendency to attribute a higher value to human resources with certain sought-after professional skills, average salaries for higher levels (senior management and managerial staff) is therefore affected by the allocation of payments outside the terms of the labour contract that takes into account this trend in our industry.

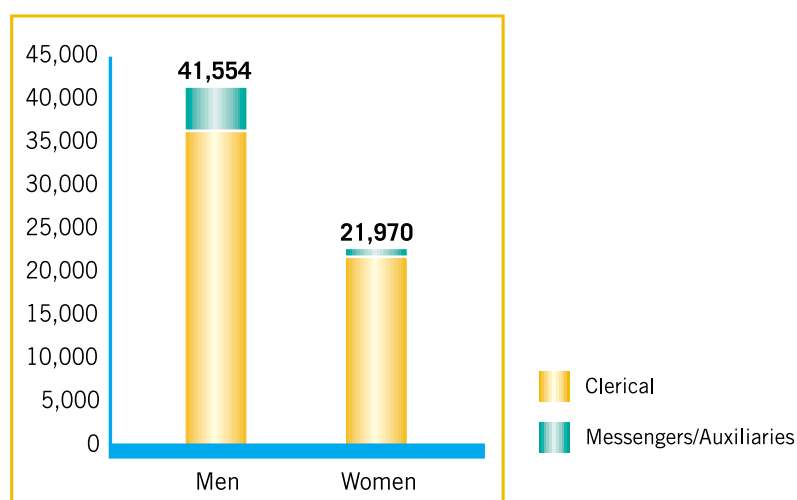
The new collective contract introduced the Hour Bank, which represents (as a result of regulated procedures for the recovery of overtime) a flexible way of managing working hours.

In accordance with these regulations, the first 50 hours of additional service do not count as overtime, but give rise to a specific recovery mechanism that works by agreement between the company and worker. At the option of the worker, the next 50

hours can be recovered using the same mechanism or can be paid as overtime; however, any additional work in excess of 100 hours will be paid as overtime in accordance with current contractual provisions.

In 2000, average additional work hours per person totalled 48 hours. Overtime as a percentage of total work hours was 2.5%. On the other hand, 17,588 hours were “deposited” in the Hour Bank, representing 0.7% of total work hours.

#### ***Overtime (No. of hours)***



#### **Equal opportunities**

There is a strong focus on the analysis and assessment of the issue of equal opportunities with the general goal of improving the situation of female workers. Pursuant to Law 125/91 and national contractual regulations for this sector, this focus has led to a review of the two-year report on equal opportunities and to the planning of positive action.

Female staff represent 44% of the labour force at the Parent Company with a significant presence of female staff among younger workers (equal to 59% of workers under 30). Women represent 24% of managerial staff. Figures broken down by gender for average age and average length of service show that female workers have achieved positions of responsibility in relatively short periods, which were not necessarily tied to length of service.

The female component had a clearly predominant share (over 88%) of part-time staff (17.1% of total employees).

In addition, with regard to the provision of training, the company is committed to giving due attention to special personal and family situations, at the request of any employee and particularly with regard to female personnel. In accordance with national contractual provisions, the organisation needed to enable provision of training is agreed with the parties involved.

As a part of the training agreement signed with union organisations, it was agreed that the content of a seminar entitled “Gender Differences: Women and Men in the Workplace” would be jointly worked out. This is the first project in which the company and union organisations will work together to create a training format.

The topic was developed in order to help people “read” the organisational culture with a particular focus on gender, i.e., to investigate social problems regarding the employment of female staff in the production process of working organisations.

## Absences

In 2000 the staff at UniCredito Italiano had a total of about 35,000 absences (a little over 12 days per person with an average of 5.5% of total work days).

Causes	No. of days
Illnesses, accidents and doctors' appointments	24,200
Maternity leave	4,000
Family or personal reasons (bereavement, family member assistance, birth of children, educational reasons, etc.)	3,350
Union leave	2,000
Blood donations	250
Other reasons	1,200
<b>Total</b>	<b>35,000</b>

## Skill development

Ensuring the growth of human resources means ensuring the Group's growth. It is not enough to have professionally trained individuals: they must also be motivated, aware of their role and able to identify priorities, define goals to be reached and the ways to reach them.

This is what makes a difference: constantly focusing attention not only on results but also on the way they are achieved in keeping with the distinctive identity with which

UniCredito Italiano operates in the market and in line with the expectations of customers and key stakeholders.

A recognised and sustainable competitive advantage is based on the ability to stimulate, develop and capitalise on those behaviours that will ensure that results are achieved easily and quickly and most importantly, that they are repeated over time.

This is translated into the following goals:

- Recruiting the “right” people through the use of professional and objective staff selection mechanisms suitable for assessing whether an individual has the necessary skills and abilities to improve performance;
- Retaining people by motivating them and recognising their position and value within their respective banks and the Group;
- Optimising human capital to make the best use of their skill set, knowledge and human values in line with the guiding principles of UniCredito Italiano.

The role of the Parent Company is to provide innovative planning with regard to the implementation of the best methods and tools for the growth and enhancement of personnel and to provide support to Group companies by identifying best practice.

UniCredito Italiano’s investment in human resources is broken down into several areas. Special attention is dedicated to the following activities:

- Planning and providing training to support individual professional development;
- Redefining organisational structures and positions in order to improve the efficiency and specialisation of the distribution network;
- Reducing management levels to make more rational use of resources;
- Disseminating responsibility criteria for a greater degree of sharing and participation of all personnel in the Group’s business plan and its results;

Of the numerous, diverse tools designed for implementing this action, there are two new projects prepared by the Parent Company that are aimed at the growth of the individual value of certain people within the organisation:

- **Young Talent Project:** dedicated to young people with a high potential who already have experience in the Group, and aimed at training them to fill important positions in the medium term.

This program, the pilot project for which was launched on 4 October 2000 with the involvement of 100 individuals at the Group level, calls for a number of joint training activities and an individually designed development plan for each person based on past experience, the position filled and personal propensities.

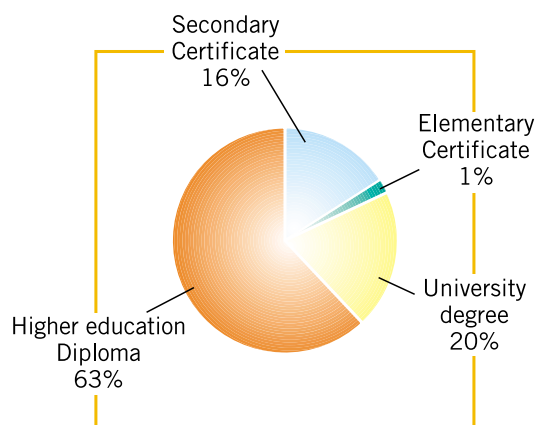
- **Key Human Resources Project:** dedicated to individuals who fill strategic positions for the development of the Group, intended to ensure proper coverage of key positions and generate loyalty among the best employees.

An element common to the two projects is that the value of the most highly trained and motivated individuals is recognised by offering them attractive professional growth and career opportunities within the Group.

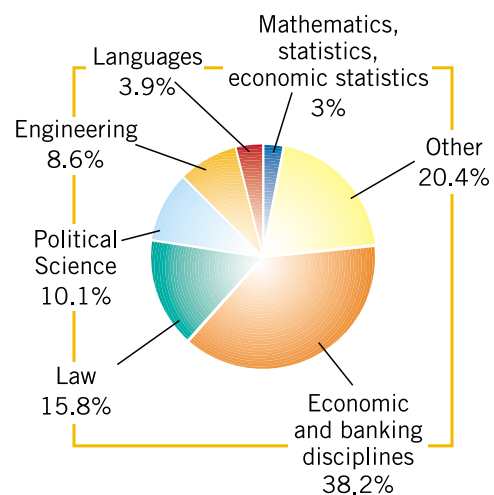
### Employee Qualifications

	Senior Management		Managerial staff		Clerical		Auxiliary Staff/Messengers		Total	
	men	women	men	women	men	women	men	women	men	women
University Degree	71	5	271	91	59	61			401	157
Higher education Diploma	45		474	173	421	701	2		942	874
Secondary Certificate			21	15	157	218	35		213	234
Elementary Certificate					24	2	6	1	30	2

**Percentage breakdown of staff by qualifications**



**Type of university degree**



Approximately 20% of all staff have a university degree, primarily in economic, banking and legal disciplines; for managerial staff alone, the percentage of degree holders rises to 38%.

## Training

**T**he focus on improving the skills and knowledge of UniCredito Italiano staff has brought together contractual provisions and the need to redesign training processes using new approaches more in keeping with the requirements of an extremely dynamic and competitive market.

In the past, the relatively stable skill set required led to standardised training needs and made it possible to provide generic training largely provided on entry to a new position. Today knowledge and skills must meet the needs of a flexible and dynamic role and accordingly they have to be periodically reviewed and updated and go hand in hand with individual professional growth (ongoing training).

The role of the Parent Company is to satisfy this need for the continuing education of personnel through a new method of providing training designed to start people off in a new role and interpret the various roles in the company correctly. The new training will have a dual goal:

to teach people not only how to do things (by instilling technical and specialist knowledge), but also how to act by focusing on specific observable attitudes and behaviours (the methods used to achieve results, maintaining proper relationships with colleagues, focusing on customers and service quality, sensitivity to and participation in the reduction of environmental impact and health and safety risks associated with the performance of daily activities, etc.).

### The New Training

#### From...

Training to prepare for a role  
Undifferentiated training  
A "licence" for performing duties  
Training provided to clerks only  
Activity conducted primarily in classroom  
Teachers from the "training" profession  
Centrally managed activity

#### To...

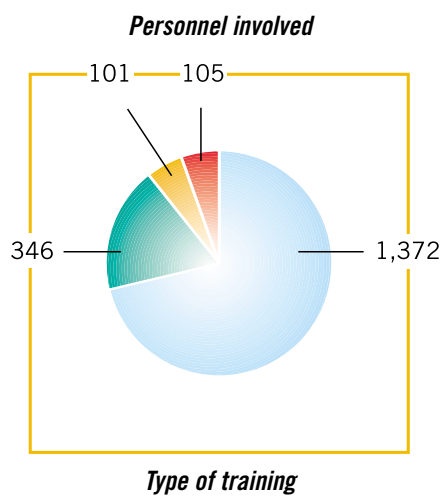
**Continuous training accompanying the role**  
**A guaranteed "base" with subsequent personalisation**  
**A tool in support of results**  
**Training also provided to managerial staff**  
**"Multi-channel" activity (classroom, self-study)**  
**Teachers and testimonials from several walks of life**  
**Activity defined with the involvement of line managers in development plans**

In summary, training has become more participatory, more focused on the individual and in keeping with the specific professional growth path of each worker based on the individual development plan agreed with his direct superior.

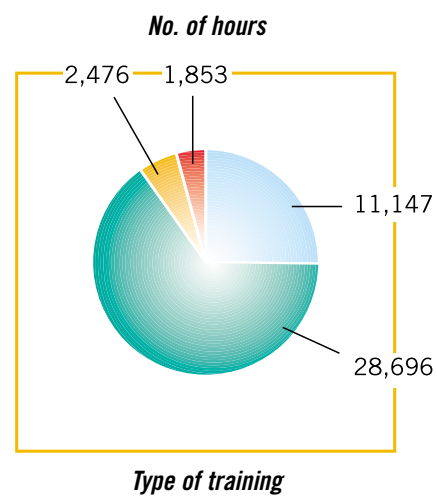
Training for all Group personnel, desoged to launch and develop staff in various professional roles, continues to be performed by individual banks in line with their differing business and regional needs. This training activity totalled approximately 100,900 days in 2000 and involved about 48,541 people.

As a part of its structure, which in 2000 included UPA and USI in addition to the Parent Company, UniCredito Italiano provided training to approximately 2,446 people for a total of 7,214 days.

Details on courses given for the professional development of UPA\* and USI\*\* staff are provided in the following charts.



- Specialised technical\*
- Technical specialised in Information Technology\*\*
- Managerial\*
- Language\*



- Specialised technical\*
- Technical specialised in Information Technology\*\*
- Managerial\*
- Language\*

Personnel at the Parent Company participated primarily in specialised or managerial courses in line with the duties they perform and their individual development plans. Courses involved approximately 520 participants for a total of 13,540 hours.





### **Intra-group managerial training**

As a part of the process of integrating the various Group companies, a managerial training project was launched in 1999 involving 390 individuals (top and middle management). One of the main goals of the meeting was to analyse and share the Corporate Guiding Principles.

In June 2000 the second phase of this project was completed, which, with the involvement of 170 managers of banks and other major Group companies, was aimed at translating guidelines into company policies (the purposes, tools and methods for implementing guidelines) taking into account the differing corporate situations. Corporate policies help to understand which criteria can be translated as inter-area guiding principles into concrete choices, even day-to-day decisions.

Several specific intra-group training initiatives were also carried out for the development of skills (in the Private Banking area, for the dissemination of a single, shared business model) and for launching new products and services (the **Imprendo** package, the first Group product aimed at the small business segment).

Although training is an essential channel for facilitating the integration process among personnel who work within the Group, there are other opportunities that lead to a sharing of skills and knowledge, to a comparison of experiences and flow of professionalism from one bank to another: for example, a clear sign of the building of an intra-group network comes from the creation of a single information system and the establishment of service and product companies that work for all federated banks.

### **Industrial relations**

**T**he atmosphere in industrial relations, based on free and frank exchanges, made a special contribution to dealing positively both with the significant obligations resulting from the application of the new national collective contract for the industry (especially with regard to “executive staff,” professional development and training) and within the integration project of UniCredito Italiano. In the latter context, in the year 2000, beginning with the spin-off of Credito Italiano S.p.A. and UBM from the Parent Company, transfers of company divisions and reorganisations of product companies (TradingLab, Pioneer, etc.) were completed. A project was launched to centralise the structures of the Parent Company and Group banks in the area of information and operations processes and administrative and accounting activities; an initial staff

co-ordination phase carried out by UPA and USI was followed by the separation phase, which will be completed on 1 July 2001 when the related divisions will be sold. At the Parent Company, union membership is approximately 40% (at Group level, it is somewhat below the national average).

### Corporate insurance policies and supplemental benefits

UniCredito Italiano has entered into insurance policies for its employees to cover work-related risks, death and permanent disability. The coverage of these risks is set forth in an insurance policy with Lit. 10 million in per capita coverage, and in proportional supplements under the Bank's responsibility. In addition, coverage is provided for travel risks and medical expenses associated with work-related accidents, with maximum limits of 50 million and 25 million respectively, which are valid for all categories. The cost borne by the Company for these insurance policies is about Lit. 15,000 per person.

In accordance with specific agreements, UniCredito Italiano has also entered into policies for all staff, through benefit funds, to cover expenses for hospital stays and for certain diagnostic and therapeutic services, which are subject to pre-set allowances.

Within the Group a pension fund has been established to complement INPS (Italian State) pensions. All Group companies, which have an interest in enrolling their employees, are eligible to join. For UniCredito Italiano 2,587 employees participate in the fund (over 90% of staff).

### Subsidised loans for employees

UniCredito Italiano has instituted certain types of loans and mortgages for employees to finance home purchase and to cover specific family needs. Rates vary as a function of the employee's category and the rates applied, and based on the Official Reference Rate (T.U.R.), rates currently range from a minimum of 1.50% to a maximum of 3.25%. These loans are in addition to the legal provisions regarding severance pay advances.

In 2000 65 employees applied for mortgages or loans for their first home, 4 for second homes and 228 for family needs.



### Scholarships and other employee benefits

There are several different ways that UniCredito Italiano provides assistance to its employees.

- Pursuant to contractual provisions, the following amounts are available for scholarships:
  - Lit. 145,000 to students in first level secondary schools;
  - Lit. 205,000 to students in second level secondary schools;
  - Lit. 420,000 to university students.

At the company's initiative, this benefit was also extended to the children of retirees under the Pension Fund.

- To employees in service and retirees with children from the age of four to twelve, the amount of Lit. 200,000 is paid annually for each child.
- Each Christmas, an amount of Lit. 150,000 is paid up to the 12th birthday of each child of employees in service and retirees.
- For employees in service and retirees, an amount of Lit. 3,000,000 per year is paid for each disabled family member.
- Employees are paid an amount equal to 28% of gross annual salary upon reaching their 25th anniversary of service, an amount of 7% of gross annual salary is due at the end of service for individuals, who, as at 1 June 1988 had accumulated 25 years in service, and an amount of 14% of gross annual salary is due upon completing 35 years of service (in addition to the gold medal).
- Occasionally the Company will provide funds as a subsidy to retired personnel and family members of employees who died in service.

## Cultural, recreational and other activities for employees

**A**t its various locations, UniCredito Italiano supports the establishment of clubs for sports, recreational and cultural activities of its employees and their families.

The Cultural, Recreational and Sports Club of UniCredito Italiano and Credito Italiano is particularly active, and in 2000 it organised intra-group competitions for skiing, soccer, tennis and ping pong. This significant recreational activity involved about 8,000 employees. Other initiatives involved group (2,000 participants) and individual package holidays and there was a significant 10% increase in participants over 1999; cultural initiatives (courses and guided tours that involved about 2,500 people); and activities to make employees aware of voluntary work activities.



### Cost to Company of fringe benefits - Year 2000

	(MILLIONS OF LIT.)
Health insurance	2,152
Pension fund	16,386
Scholarships for the children of employees	212
Assistance for employees' dependants	284
Assistance for disabled family members	99
Length-of-service payments	2,388
Cultural and recreational activities	127
Personal loans	120

## Internal communications

Of the various existing communication and information tools, including newsletters, conventions, road shows (i.e., regional meetings of senior management and managerial staff) and letters from management on specific topics, the company magazine Qui UniCredit is the one that best meets the need, particularly evident in a federal Group such as UniCredito Italiano, to communicate and compare different experiences and to develop a common culture and identity while still respecting the individual character of each bank.

The first edition came out in January 1999 at the time of the official establishment of UniCredito Italiano. It replaced the previous company newspapers inGRUPPO (Credito Italiano and Rolo Banca 1473), Nuovo Cordusio (Credito Italiano) and Rolo Banca 1473 News (Rolo Banca 1473).

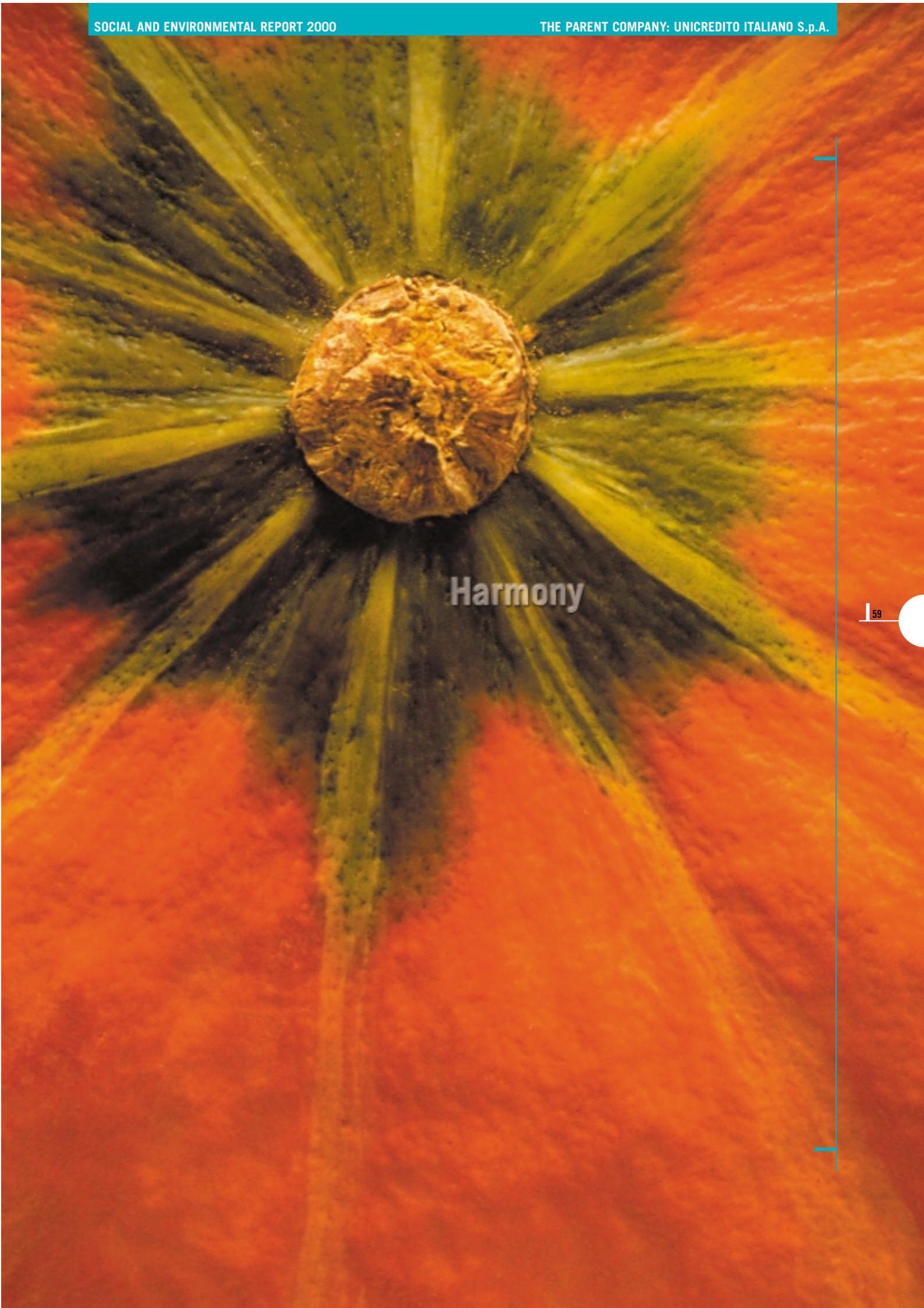
This bi-monthly periodical is made up of a first section for the entire Group, and other sections devoted to individual banks – the Focus sections – attached to the main newspaper and dedicated to the relevant audience.



One of the strong policy enunciations of Qui UniCredit is that communication is more effective when it is multidirectional, complete and credible, and when the newspaper has complete freedom of expression. From the very start, there has been an effort to establish a newspaper for everyone that can be differentiated from pre-existing house organs not only in terms of graphics and the more journalistic approach to topics, but also in its ability to use the language spoken by colleagues, and to be, as much as possible, a true aid to understanding the ongoing transformations in the UniCredito Italiano Group and the entire banking system.

The newspaper, which reaches about 51,000 people, is distributed by internal mail to all employees of the banks of the UniCredito Italiano Group and subsidiary companies, and by mail to retirees.





Harmony

## Other partners

### Shareholders

#### Shareholder remuneration

**W**hen determining the allocation of net income for the period, while we make sure that an adequate dividend is paid to shareholders, it is necessary not to lose sight of the importance of reinforcing the company's capital and financial strength, which are essential if we are to meet the new challenges presented by the market and support our international expansion and the investments planned to enable us to become an industry leader.

The proposal for the distribution of year 2000 dividends is a faithful reflection of this policy: appropriation of Lit. 1,256.4 billion to shareholders out of a total of 2,346.3 billion to be distributed, the remainder being allocated to reserves.

Dividends per share proposed at the AGM approving the 2000 accounts were Lit. 250 (€ 0.129) per common share and Lit. 265 (€ 0.137) per savings share.

#### Composition of capital stock

Following the capital increases during the period, capital stock was Lit. 2,512,102,903,000 represented by 5,024,205,806 shares of Lit. 500 each, including 5,002,499,254 common shares and 21,706,552 savings shares.

As at 31 December 2000 the composition of the shareholder base was as follows:

- There were approximately 223,000 shareholders.
- Shareholders resident in Italy held approximately 70% of capital stock and foreign shareholders the remaining 30%.
- Institutional investors held over 44% of ordinary capital stock.

**Main shareholders as at 31.12.2000**

Shareholder	No. of common shares	% ownership <sup>1</sup>
Fondazione C.R. Verona, Vicenza, Belluno e Ancona	839,700,281	16.606%
Fondazione Cassa di Risparmio di Torino	704,943,077	14.092%
Allianz Group	247,700,000	4.951%
Fondazione Cassamarca	145,791,074	2.914%

1. Of ordinary capital. Company Articles of Association set a limitation on voting rights at 5% of capital.

**Share Price**

In 2000 total trading volume was 92.42% of common stock (in circulation as at 31 December 2000) and 123.50% of savings shares.

The increase in the value of the stock over time is shown in the following table, which provides prices for the stock over the last seven years.

**Official price of common stock**

Year		Maximum	Minimum	Average	End of period
1994	Lit.	2,780	1,547	2,186	1,674
1995	Lit.	2,157	1,554	1,862	1,849
1996	Lit.	2,024	1,545	1,777	1,678
1997	Lit.	5,530	1,636	3,303	5,492
1998	Lit.	10,447	5,613	8,443	9,807
1999	Lit.	11,205	7,445	8,918	9,534
1999	€	5.787	3.845	4.606	4.880
2000	€	6.115	3.586	4.976	5.572





### ***The role of our Investor Relations department***

In addition to analysing the impact of various strategic options on the market valuation of the stock, and ensuring that management is provided with continual feedback on the market's opinion of the Group, the Investor Relations unit carries out the essential task of acting as the intermediary between the Group and investors to ensure continual, transparent communication. To achieve this goal, several different tools are used: presentation of year-end and interim results, one-to-one meetings and conference calls with institutional investors, preparation of press releases regarding news that could affect the stock price, development and continual updating of the dedicated web page, investor days, etc.

### **Investors, social responsibility and the environment**

In recent years several stakeholders (investors, research centres, universities, environmental associations and consumers) have focused growing attention on the social and environmental record of UniCredito Italiano. In the year 2000, several questionnaires were received by Investor Relations on the activities performed by the Group which might have a significant ethical or social impact and on the company's safety conditions and the natural environment. It is interesting to note that two of these questionnaires were submitted to UniCredito Italiano by major fund managers. Our newly set up Integrated Management System includes a procedure that makes it possible to reply quickly and thoroughly to these requests.

## **Customers**

### **Protection of privacy**

The protection of privacy and data security have always been considered by UniCredito Italiano to be fundamental elements of the fiduciary relationship between bank and customer.

UniCredito Italiano has adopted the principles contained in the "Code of Conduct of the Banking and Financial Sector" prepared by the ABI, the Italian Banking Association, which defines several forms of conduct related to customer relations, with the aim of providing guarantees in terms of clarity, assistance and service and product quality.



Already pursued through the rigorous application of “banking secrecy,” the protection of privacy is reinforced and guaranteed by compliance with Law 675/96, which was transformed into the Privacy Handbook of UniCredito Italiano. Ten rules of conduct govern the procedure for accessing, gathering, managing, processing, updating, storing and destroying data, with a particular focus on the procedures for communicating with third parties, which is always subject to the authorisation of the interested party, and the guarantee of the same privacy procedures for data handled over the Internet.

### Call Centre

The Call Centre is a Parent Company structure that operates through its 189 employees in the spirit of professionalism and teamwork in order to offer services by telephone. These are not only telephone banking services, but also customer care services, telemarketing and help desk activities on the home banking and online trading platforms. The underlying technology and organisation of the Call Centre are the main pillar in the strategy of the multi-channel approach to the Group's customers. In fact, the unit is capable of interfacing with all other remote banking channels, bringing them an essential component of customer interaction: people.

The Call Centre operation commenced in January 1997 for Credito Italiano and now provides services for several Group banks.



### The Call Centre in figures for 2000

Number of employees:	189
Telephone calls handled:	3,500,000
E-mails handled:	20,000
Securities orders taken:	300,000 for an equivalent of 3,600 billion Lit.
Payment orders filled:	25,000
Customers joining the Telephone Banking service:	300,000
Breakdown of telephone traffic:	70% for Telephone Banking services; 30% for the remaining activities managed
Level of overall service:	85% of calls answered within 5 seconds



## Pioneer Funds - Global Environmental & Ethical Fund

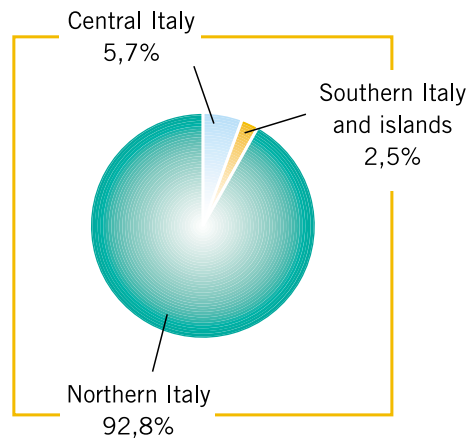
A decisive step in accelerating the internationalisation process in the Group's asset management occurred with the acquisition of the Global Investment Management division of the US Pioneer Group. The operational integration of Pioneer with EuroPlus, UniCredito Italiano's asset management division, gave rise to a group that will be the third largest of the leading mutual fund managers in Europe.

One of the 28 portfolios included in Pioneer Funds is the **Global Environmental & Ethical Fund**, which primarily seeks investments in stocks and financial instruments linked to activities that satisfy social and environmental protection criteria, the content of which is to be submitted to the review of an "ethics committee." These criteria include: companies whose products and services contribute to the creation of a safe and healthy environment and companies that do not invest in operations that are harmful to the environment and that agree to maintain socially correct behaviour. At this time (even though the addition of other criteria is planned), any companies connected with the following activities are excluded from the investment pool: the military industry, the tobacco industry, the production of alcoholic beverages, nuclear power, firearms, gambling, and industries with a high environmental risk. Based on another approach aimed at identifying and rewarding virtuous behaviour, there are plans to introduce positive selection criteria for companies that adopt pro-active policies for environmental management based on respect for human rights.

## Suppliers

In supplier relations, product-quality aspects are considered to be particularly important. Suppliers are selected on the basis of a questionnaire aimed at gathering the necessary information to qualify producers of goods and services. The implementation of the Integrated Management System, which is being created, will make it possible to establish a specific directory of suppliers as a management tool for purchasing processes, with particular regard to the safety aspects of products over their life cycle and their environmental compatibility, with a preference, when possible, for the use of renewable and recyclable materials, and the reduction of waste resulting from goods and services acquired. This is a tool that will make it possible to update assessment of the efficiency of services and of the specifications of manufactured products and services, on the basis of compliance with international standards and current legislation.

UniCredito Italiano has 613 suppliers. Given the location of the operations of UniCredito Italiano in the area of Milan, 80% of goods and services supplied come from Lombardy.

***Breakdown of suppliers by geographic location*****Institutions and society****Ministry of the Environment**

On 7 March 2000 UniCredito Italiano and the Ministry of the Environment signed a Letter of Understanding on the sharing of their respective promotional strategies for the environmental certification of industrial companies (ISO 14001 – EMAS) and increased efforts in the area of environmental management and technological innovation.

This document confirms the importance of environmental protection and the need to stimulate virtuous processes leading to the integration of the environmental variable in company management, which can also be regarded as a competitive opportunity. In particular, commercial banks are recognised as having an essential role in the dissemination of information and the promotion of existing ways and means, that of encouraging, through appropriate credit policies, the reduction of environmental risk within registered or certified companies.

**Prefectures and the police**

The problems of security at UniCredito Italiano are handled by a special Organisational Unit, which collaborates with institutions and the police in the delicate task of preventing crime and protecting the company's property.

This collaboration takes the form of participation in meetings that prefects and chiefs of police periodically promote on this issue, as well as the constant exchange of information.



In this regard, the Department of Public Safety of the Ministry of the Interior, in agreement with A.B.I., recently introduced a program aimed at improving services for the prevention of robbery of bank branches. UniCredito Italiano participated in this program by advising all police and provincial Carabinieri headquarters of the names and telephone numbers of central and outlying security managers. The police provide these individuals with a telephone number to be used in case of need.

### Kyoto Club

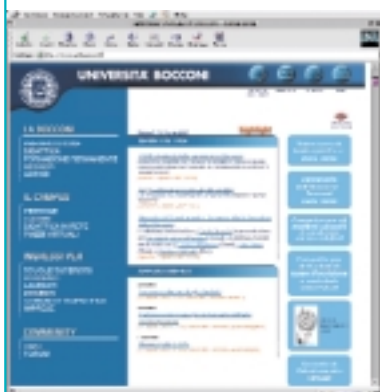
The Kyoto Club is a voluntary non-profit organisation of companies, local associations, agencies and governments. Its purpose is to contribute to the achievement of the goals of the Kyoto Conference and pursue the reduction of other forms of environmental damage resulting from production processes and the product life cycle. It promotes the growth of the corporate environmental culture through its members and industry in general and the adoption of proactive behaviour with regard to the global and local environment; UniCredito Italiano shares these goals and joined as a sustaining member.



### Relationships with universities

#### Observatory of Environmental Management Systems

UniCredito Italiano participates in the Observatory of Environmental Management Systems promoted by IEFE (the Institute of Energy and Environmental Economics) at the Bocconi University. Established in 1997, the Observatory aims to provide a meeting place for institutional, economic and social players interested in environmental management by offering a specialised place in which to discuss and examine emerging topics in the area of environmental management systems at the national and international level, to monitor the EMAS registration situation and ISO 14001 certification in Italy by regularly collecting information and data and to offer continual updating on the evolution of new environmental policy tools at the national and European Community levels.



### Work experience

In the area of co-operation with training institutions, and by agreement with universities, UniCredito Italiano accommodates numerous students for periods of internships aimed at providing them with their first work experience. In 2000 16 internship programmes were conducted. Internships ranged from a minimum of one month to a maximum of one year, and took place within the various organisational units of the Parent Company.

### AIRC - Italian Cancer Research Association

For the second year, UniCredito has joined the initiative to create awareness and raise funds for the Italian Cancer Research Association. In contrast to the prior year, there were no plans to open branches for a dedicated Sunday event; instead, the campaign took place over a longer period in conjunction with local initiatives to create awareness in customers and the community. This year, there was a new initiative called “light for research,” which consists of the distribution of energy saving light bulbs funded by ENEL and delivered through the commercial partners of the AIRC to which it will pay association dues. The “light for research” is a high-quality product that adds to the values of respecting the environment and saving energy for a better quality of life. In addition to promotional initiatives by federated banks, a massive promotional fund raising campaign at branches was completed (about two billion in total was collected, pledged by employees and allocated by Group commercial banks).



### Sodalitas

Since 1999 UniCredito Italiano has been a member of Sodalitas, the Association for the Development of Entrepreneurship in Society. The mission of Sodalitas is to aid and support non-profit organisations (voluntary associations, social co-operatives, religious agencies, foundations, moral agencies, etc.) in their management, transformation and development processes through voluntary consulting based on a code of ethics. In conjunction with companies, it promotes initiatives that direct and substantiate commitments in the



community as a “model citizen.” As a bridge and catalyst of ideas between several (public, private and non-profit) social agencies, it promoted co-operation between them on specific projects aimed at social unity.

Due to the support of Sodalitas, the topic of the company’s social responsibility has found an effective forum for development within the bank’s culture. In order to translate UniCredito Italiano’s focus on social problems into a planning process, the opportunities to discuss the topics of the social report and management training in the area of corporate citizenship and business ethics were of particular interest.

As part of the initiatives carried out in co-operation with Sodalitas, the Microcredit Pilot Project in Milan was conceived in partnership with the San Carlo Foundation. This is the first pilot credit experiment in Italy aimed at launching self-employed business undertakings by “non-bankable” people, i.e., in the absence of tangible collateral.

The Microcredit project, which was borrowed from an initiative launched in Bangladesh by Grameen Bank, and also successfully applied in developed countries such as the US, Belgium and France, became operational in 1999 in Italy in co-operation with the Bocconi University. Sodalitas performed the feasibility study, UniCredito Italiano donated a revolving fund of 200 million, while the San Carlo Foundation, which is in contact with needy parties on a daily basis, provided the actual loans with the assistance of an assessment committee with representatives from that Foundation, Bocconi University and voluntary consultants of Sodalitas.

The results of the first year of operations were encouraging: 17 loans were made, and the repayment of instalments began. The loans provided made it possible to start up small businesses, especially by non-EU nationals who have residence in Milan.

The Microcredit project differs from other employment support programs, such as honour loans and loans to social enterprises, largely due to the small amount necessary to create a job, the fact that nearly all funds are from private donations without any public aid, and the role of volunteers in the assessment and attention given to small company projects (minimal operating expenses).

### “Cittadinanzattiva”

The concept of good corporate citizenship was adopted by UniCredito Italiano as an inspirational reason for joining the “Corporate Citizenship Programme” promoted by *Cittadinanzattiva*, a movement that promotes civic participation (formerly known as the Democratic Federative Movement). This is a non-profit social organisation that operates in the social, environmental, health-care and individual and collective safety fields for the protection of human rights and the promotion and practical exercise of consumer and user rights, for which it is an association recognised by the Ministry of Industry, Commerce and Artisans.



In 2000 a collaborative relationship started with *Cittadinanzattiva* with the goal of developing the concept of a company as a “citizen.” In particular, this relationship focuses on the topic of the quality of banking services, and partnership efforts on specific projects (“Citizen labelling and corporate citizenship: benchmarking Northern and Southern European best practices”) aimed at identifying the criteria for being a responsible company, and on activities in support of initiatives that promote active citizenship and best practices in countries of the European Union and the New Europe (“Active Citizenship Network”).

### CSR Europe

On 9 and 10 November 2000, UniCredito Italiano participated in the first European Business Convention on Corporate Social Responsibility in Brussels, which was promoted by the European Business Network for Social Cohesion, a business-to-business network that operates on the European continent to spread the concept of corporate social responsibility through the adoption of policies and programs based on the enhancement of human capital, equal opportunity, ongoing employee training, social inclusion, sustainable development and human progress. To promote these principles, “Campaign 2005” was launched in order to implement by that year an effective program for creating awareness of institutions, companies and non-governmental and non-profit organisations. The goal is to create a critical mass of opinion leaders and decision makers in companies, public institutions and society who are willing to put into practice the principles that form the basis of the concept of Corporate Social Responsibility. UniCredito Italiano has adopted the assumptions of the Campaign and undertaken to promote its objectives within the Group.





## European Oncology Institute (EOI) – The Monzino Foundation

The institute known as IRCCS, in which UniCredito Italiano is a founder, was established in 1987 with the goal of organising and managing clinical and scientific structures for the research, treatment and prevention of cancer. To achieve its social objectives, EOI develops original research projects using advanced technologies in the diagnosis and treatment of tumours. A further opportunity for the continuity and development of clinical and research activities on a disease, which in terms of its significance and severity is similar to the one treated by the EOI, came about with the acquisition of the Centro Cardiologico SpA Monzino Foundation, a facility known as the Institute for Hospitalisation and Treatment of a Scientific Nature, whose synergies make it possible to increase the intrinsic value of both institutes.

## Roberto Bazzoni Foundation

This is a non-profit social organisation that was set up in memory of the commitment of Roberto Bazzoni, the son of a colleague, and several volunteers on a mission in Kosovo, whose plane crashed in November 1999 in the mountains surrounding Pristina. This program is based on an idea of several friends to ideally continue Roberto's goals in order to create a project of solidarity in collaboration with Caritas. The project consists of building a rehabilitation centre for the disabled, purchasing a vehicle for their transportation, implementing training programs for paramedical personnel and supporting the artificial limb centre in Rudo.

The funding for the entire operation is estimated at between Lit. 1,100 and 1,300 million to be raised through contributions from Group companies and staff.



## Sponsorships and donations

The company is involved in sponsorships and donations in support of many non-profit programs. There are several different areas in which we carry out our commitment, from social to cultural causes, not to mention scientific research, aid and the arts.

During the year the following programs were particularly significant:

- Concerts to celebrate the 80th birthday of the Pope.
- A concert at the Quirinal Palace attended by the Head of State, on the occasion of the 25th anniversary of the Italian Environmental Fund (FAI)
- A significant exclusive exhibition dedicated to Manzù at the Library Foundation in Milan.
- A Concert organised by Cardinal Tonini for the rebuilding of a village in Burundi
- The restoration of Tiepolo frescoes in Venice
- A conference on citizens' rights ("Active Citizenship Week") organised by the Democratic Federative Movement
- A fundraising campaign for AIRC on the occasion of National Cancer Research Day
- A prize promoted by Legambiente called "Innovation - the friend of the environment"
- Donations made to an orphanage in Bulgaria.

## Association dues

In addition, through the payment of association dues, the bank participates in several agencies and associations with scientific, artistic, cultural and social objectives, such as:

- The Giuseppe Verdi Symphony Orchestra of Milan
- The Friends of La Scala Association
- The Italian Chapter of the World Monuments Fund
- The Institute for International Policy Studies
- The Association for the Development of Bank and Stock Market Research
- Sodalitas
- Kyoto Club
- The Observatory of Environmental Management Systems – IEFE Bocconi University

## Other initiatives

Beginning in 1999 a three-year series of operas (volumes and CDs) has been realised and, in collaboration with Maestro Muti and the La Scala Philharmonic, CDs to be distributed as presents have been made.



## Calculation and breakdown of value added

**V**alue added represents the wealth produced by the company during the year and can be defined as the difference between gross revenues and the expenditures to produce them. The determination of this value becomes significant in that it represents the accounting link between the accounts and the social report. In fact, the calculation of this measure is done by reclassifying entries of the profit and loss account for the period in order to show how corporate value added is formed and distributed by expressing in monetary terms the relationships between the company and the socio-economic system with which it interacts, with a particular focus on several of the main stakeholders covered in this social report:

- Shareholders
- Human resources
- The State, agencies and institutions
- Society
- The corporate structure

Choosing among the various forms that value added can take, depending on the degree to which income components are combined, it was decided to use global value added (VAG), as used in the ABI Model for preparing Social Reports for the banking industry, which takes banks' special characteristics into account.

The figures used are taken from accounting records and the accounts for the year, audited by internal auditors and certified by the outside auditing firm.

In the pages that follow, a detailed accounting table has been recast to determine the amount of gross and net value added. Gross value added is broken down to show the share due to each of the above stakeholders.

Simplicity

# Restated Balance Sheet

## Assets

(AMOUNTS IN BILLIONS OF LIT.)

31.12.2000

1.1.2000

<b>1. Cash and deposits with central banks and post offices</b>	<b>76.9</b>	<b>0.6</b>
<b>2. Loans:</b>		
- Loans to customers	13,513.2	6,744.0
- Loans to banks	71,124.7	5,887.2
<b>3. Trading securities</b>	<b>6,695.1</b>	<b>-</b>
<b>4. Fixed assets:</b>		
a) investment securities	18,565.0	8,186.2
b) equity investments	20,674.9	16,584.2
c) intangible and tangible assets	378.0	385.7
<b>5 Other asset items</b>	<b>9,810.9</b>	<b>6,679.2</b>
<b>Total assets</b>	<b>140,838.7</b>	<b>44,467.1</b>

## Liabilities

(AMOUNTS IN BILLIONS OF LIT.)

31.12.2000

1.1.2000

<b>1. Deposits:</b>		
- Due to customers	6,659.3	4,515.8
- Securities in issue	13,079.8	10,833.2
- Due to banks	81,441.8	6,582.6
<b>2. Specific reserves</b>	<b>1,819.2</b>	<b>1,687.6</b>
<b>3. Other liability items</b>	<b>9,742.1</b>	<b>1,857.7</b>
<b>4. Loan loss reserves</b>	<b>32.0</b>	<b>-</b>
<b>5. Subordinated debt</b>	<b>12,953.3</b>	<b>5,117.2</b>
<b>6. Shareholders' equity:</b>		
Capital, reserves and retained earnings	12,764.9	12,088.0
Net income for the year	2,346.3	1,785.0
<b>Total liabilities and shareholders' equity</b>	<b>140,838.7</b>	<b>44,467.1</b>

## Guarantees and Commitments

(AMOUNTS IN BILLIONS OF LIT.)

31.12.2000

1.1.2000

Guarantees given	4,689.6	2,341.2
Commitments	24,111.4	7,948.2

**Note:** The report as at 1.1.2000 follows the spin-off of the operations transferred to Credito Italiano and UBM.

## Restated Profit and Loss Account

(AMOUNTS IN BILLIONS OF LIT.)

2000

10. Interest income and similar revenues	2,885.3
20. Interest expense and similar charges	- 3,267.9
Net interest	- 382.6
30. Dividends and other income from equity investments	3,434.5
<b>NET INTEREST INCOME</b>	<b>3,051.9</b>
40. Commission income	50.6
50. Commission expense	-16.3
Net commission income	34.3
60. Trading profits	51.6
70. Other operating income	397.6
110. Other operating expenses	- 87.6
Other income – net	310.0
<b>Revenues from services and other sources</b>	<b>395.9</b>
<b>TOTAL REVENUES</b>	<b>3,447.8</b>
Payroll costs	- 422.3
Other administrative costs	- 335.5
80. Administrative costs	- 757.8
90. Write-downs of intangible and tangible fixed assets	- 50.2
<b>OPERATING INCOME</b>	<b>2,639.8</b>
100. Provisions for risks and charges	- 364.7
120. Writedowns of loans and provisions for guarantees and commitments	- 131.4
130. Write-backs of loans and provisions for guarantees and commitments	96.5
140. Provisions for loan losses	- 32.0
150. Writedowns of financial investments	- 70.6
160. Write-backs of financial investments	33.1
<b>Provisions, writedowns and write-backs</b>	<b>- 469.1</b>
<b>PROFIT (LOSS) BEFORE EXTRAORDINARY ITEMS AND TAX</b>	<b>2,170.7</b>
180. Extraordinary income	1,365.7
190. Extraordinary charges	- 132.5
<b>Extraordinary income (charges) – net</b>	<b>1,233.2</b>
<b>EARNINGS BEFORE TAX</b>	<b>3,403.9</b>
220. Income tax for the year	- 1,057.6
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b>2,346.3</b>

## Detailed statement for the determination of value added

(AMOUNTS IN BILLIONS OF LIT.)

2000

<b>REVENUES</b>	
Interest income and similar revenues	2,885.3
Commission income	50.6
Other revenues	
- dividends and other income	3,434.5
- trading profits	51.6
- other operating income	397.6
<b>TOTAL GROSS PRODUCTION</b>	<b>6,819.6</b>
<b>EXPENDITURES</b>	
Interest expense and similar charges	3,267.9
Commission expense	16.3
Other operating expenses	87.6
Other administrative costs <sup>1</sup>	329.1
Writedowns of loans and provisions for guarantees and commitments	131.4
Write-backs of loans and provisions for guarantees and commitments	96.5
Provisions for risks and charges	364.7
Allocation to loan loss reserves	32.0
<b>TOTAL EXPENDITURES</b>	<b>4,132.5</b>
<b>GROSS VALUE ADDED FROM ORDINARY OPERATIONS</b>	<b>2,687.1</b>
Extraordinary gains <sup>2</sup>	1,365.7
Extraordinary charges	132.5
<b>NET EXTRAORDINARY ITEMS</b>	<b>1,233.2</b>
<b>TOTAL GROSS VALUE ADDED</b>	<b>3,920.3</b>
- depreciation and amortisation of tangible and intangible fixed assets	50.2
- Writedowns of financial fixed assets	70.6
- Write-backs of financial fixed assets	33.1
<b>WRITEDOWNS/WRITE-BACKS OF FIXED ASSETS</b>	<b>87.7</b>
<b>TOTAL NET VALUE ADDED</b>	<b>3,832.6</b>
Labour costs:	
- direct	318.8
- indirect	103.5
Donations and gifts <sup>1</sup>	0.4
Indirect and property taxes and duties <sup>1</sup>	6.0
<b>PROFIT BEFORE TAX</b>	<b>3,403.9</b>
Income tax for the year	1,057.6
<b>NET INCOME FOR THE YEAR</b>	<b>2,346.3</b>

1. Item 80 (b), Other administrative costs, was broken down by separating Donations and gifts from Indirect and property taxes and duties.

2. In order to bring results more into line with those of Group companies, in 2000 the criterion for posting dividends was revised. Up until the 1999 accounts, UniCredito Italiano reported dividends in the year in which they were approved by the subsidiary company, which normally coincided with the year when distributed as a part of the distribution of the prior year's income. Instead, starting with the 2000 accounts, dividends of directly held subsidiaries will be reported in the same period in which income is generated that will result in their distribution. Thus, during the first period when this principle is applied, both dividends arising from 2000 profits and those arising from 1999 profits approved during the year are included for directly held subsidiaries. The latter dividends are included among extraordinary income in an amount of 1,257 billion.

## Summary statement of gross value added and its distribution

(AMOUNTS IN BILLIONS OF LIT.)

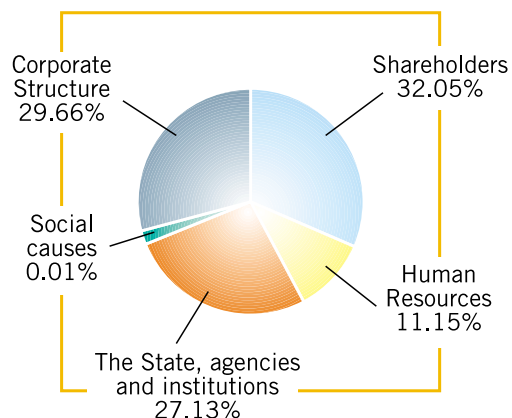
<b>REVENUES</b>	<b>6,819.6</b>
<b>EXPENDITURES</b>	<b>4,132.5</b>
<b>NET EXTRAORDINARY ITEMS<sup>1</sup></b>	<b>1,233.2</b>
<b>TOTAL GROSS VALUE ADDED</b>	<b>3,920.3</b>
Divided among:	
<b>SHAREHOLDERS</b>	<b>1,256.2</b>
Dividends distributed to shareholders <sup>2</sup>	1,256.2
<b>HUMAN RESOURCES</b>	<b>437.3</b>
Labour costs:	
direct	318.8
indirect	103.5
Portion of net income for the period allocated to the reserve connected with the medium-term incentive system for Group staff	15.0
<b>THE STATE, AGENCIES AND INSTITUTIONS</b>	<b>1,063.6</b>
Indirect and property taxes and duties for the Regions and other local agencies	6.0
Income tax for the year	1,057.6
<b>SOCIAL CAUSES</b>	<b>0.4</b>
Donations and gifts	0.4
<b>CORPORATE STRUCTURE</b>	<b>1,162.8</b>
Provisions and write-downs/write-backs of fixed assets	87.7
Reserves and retained earnings	1,075.1
<b>TOTAL GROSS VALUE ADDED</b>	<b>3,920.3</b>

1. See note 2. on the previous page.

2. In this table, the portion of dividends relating to profits from preceding years brought forward - amounting to Lit. 126,540,661 - has been separated from the dividend allocated to shareholders at the time the 2000 Financial Statements were approved.



The breakdown of value added at UniCredito Italiano is inevitably affected by its structural characteristic as a holding company with very high financial flows with respect to the human resources who manage them, due to the fact that only a limited part of operations is allocated to the Parent Company. In the period under review, this effect was accentuated by the mentioned inclusion in 2000 accounts both of dividends that will be paid by directly owned subsidiaries in respect of year 2000 profits and of dividends approved during the year in respect of the same companies' 1999 profits.



In fact, shareholders were allocated 32.05% of value added in the form of dividends, while 27.13% went to the Government, almost entirely in the form of income tax for the year. Thus, over half of value added was absorbed by the flow of dividends paid by the company and taxation connected with dividends received by the Parent Company, while only 11.15% went to human resources. The allocation of financial resources was significant (29.66%), as confirmation of a dividend distribution policy that does not lose sight of the need to strengthen the company's capital base, which is necessary to ensure the continuity of the company, the maintenance of value for shareholders and financial support for our ongoing business and geographic expansion programmes.

## A project in support of sustainability: The Integrated Management System


To obtain concrete results by translating our commitments into action designed to bring about improvements: this is the path that UniCredito Italiano initiated with the implementation of the Integrated Environment and Safety Management System.

The goal is to fully integrate environmental, health and safety matters into our decision-making processes, into the way we conduct and manage corporate activities and into our day-to-day behaviour: in short, into our way of “being a company and doing business.”

The publicly recognised outside standards used as a reference for building the integrated management system are, with regard to environmental issues, International Standard ISO 14001 and the European Community Regulation EMAS (Eco-Management and Audit Scheme), and, for aspects related to the health and safety of workers, Legislative Decree 626/94 as amended and supplemented.

**The decision to build a single management system for the environment and safety is based on the conviction that this integration will create value.** In fact, the systematic and integrated approach will not only make it possible to enhance synergies and reduce duplications, but will also make it more efficient to manage those areas, which, by their nature permeate and affect all company activities.

Attention to the environment, prevention of risks affecting the health and safety of workers, putting people at the centre of the workplace and sharing the social values of living together are commitments that require broad, long-term planning. This is how the Integrated Management System, which is currently applied at the Parent Company and Credito Italiano, was conceived as a Group project: the results of work completed may open the way for other UniCredito Italiano federated banks and companies wishing to share the principles, goals and tools of integrated management and to promote the value of sustainable development. Thus, UniCredito Italiano is now taking a path, which, through a virtuous circle consisting of “problem analysis – plans for improvement – verification of results” will ensure the continuity over time of the commitment to sustainable development.



The contribution of the financial sector to sustainable development can occur at two levels:

- by improving the internal management of operations in order to make them more compatible with the environment and apt to build a healthy and safe workplace;
- by adopting corporate strategies and policies designed to promote virtuous behaviour, including that of outside entities in the environmental and safety fields.

The UniCredito Italiano Integrated Management System is structured in such a way as to pursue improvement on both fronts on the basis of an analysis of direct as well as indirect aspects. The direct aspects are those resulting from company operations (the consumption of paper, energy, etc.), while the indirect aspects are those which, although not under direct management control, relate to the ability of UniCredito Italiano to influence, through its policies and strategies, the behaviour and environmental and safety records of other economic players (investors, customers, suppliers, etc.).

## **We have taken the first steps...**

Knowledge is the basis for the development of conscious efforts that are properly aimed at sustainable development. In order to properly structure the Integrated Management System, a thorough analysis of our business activity and the management and organisational processes of the Parent Company and Credito Italiano was first carried out in order to identify areas of direct and indirect impact, assess those that are most significant and plan appropriate improvement measures.

The data on environmental impact and safety, which are presented below, were gathered and analysed through an in-depth field assessment, which was carried out for the implementation of a management system that meets the requirements of the EMAS Regulations. This was carried out between May and December 2000 simultaneously for UniCredito Italiano and Credito Italiano and required several months to complete. Thus the data collected and processed refer to 1999.

## Direct effects on the environment

**T**he direct effects of banking are mainly related to office work and the use of dedicated facilities and equipment. The extent of the environmental and safety impact is related to site size: thus, a proper valuation must take into account parameters such as the number of employees and the space occupied by offices. The operations of the Parent Company are concentrated at five principal sites located in the Milan metropolitan area.

The operations of the Parent Company are of particular importance with regard to their ability to influence outside parties. However, this does not mean that the “direct” environmental effects associated with its operations are negligible, although in terms of size and overall impact, these have a more modest impact than those of other Group entities.

### *Natural resource and raw materials inputs*

The factors of production needed for the operations of the Parent Company and Credito Italiano are the consumption of energy, water and raw materials.

Consuming energy means using electricity for operating equipment, lighting, heating and air-conditioning; natural gas is the main resource used for heating, while fuel oil is used at only one site.

In service companies, the use of raw materials and, to a lesser extent, water, represents consumption that is linked to behavioural factors to a greater degree. The most significant raw materials are paper, due to its impact on natural resources, and printer toner and cartridges, due to the problems associated with their disposal at the end of their life cycle. With regard to the use of the main raw materials and water supplies from the water main, the analysis of data collected shows a high degree of fluctuation in per-person consumption from site to site indicating that there are margins for improvement, which are currently being studied.

### General information

Number of employees	3,663
Space occupied (square metres)	180,814

### Annual Consumption of electricity, methane gas and fuel oil

Electricity (Kwh per square metre)	219
Methane gas (cubic metres per square metre)	6*
Fuel oil (litres per square metre)	8**

\* This figure is for four buildings with an overall area of 142,194 square metres.

\*\* This figure is for a single building with occupied space of 38,620 square metres.

### Annual consumption of paper, toner and cartridges – Total and per capita

	Paper	Toner and cartridges
Annual consumption (Kg)	879,244	7,170
Per capita consumption (Kg /No. of employees)	240	2

### Annual consumption of water

Annual consumption (Cubic metres)	175,066
Per capita consumption (Cubic metres/No. of employees)	48

## Environmental emissions

### Annual waste production (by main types of waste)

Paper for pulping (Kg)	742,464
Waste paper (Kg)	136,700
Toner and cartridges (Kg)	7,170
Plastic (Kg)	29,590
Packaging materials (Kg)	41,060
Municipal solid waste (No. of bags/day)	131
Municipal solid waste (Kg)	172,920

**Note:** The figures for environmental impact in the tables refer to the five buildings of the Milan offices of UniCredito Italiano in which other Group companies also have their offices. Average values are calculated on the overall number of employees occupying these buildings and the total floor-space of these buildings.

### Environmental emissions

The production of waste is one of the most significant effects of UniCredito Italiano's operations. The analysis was based on a survey of data regarding the quantity of waste produced, the existing level of differentiation and the analysis of current procedural systems for their management.

In addition to a reduction in the quantity of waste produced, potential improvements include perfecting the waste data collection system (for the purposes of assessing the importance of the problem and checking and verifying performance) and the degree of differentiation of waste collected.

With regard to the differentiated collection of waste, in all offices, this practice is carried out for paper, toner, used cartridges, plastic and packaging materials. For other types of differentiable waste (glass, cans, wood, electrical materials, etc.), at the moment collection efforts are carried out with a different degree of intensity, and there is therefore considerable room for improvement.

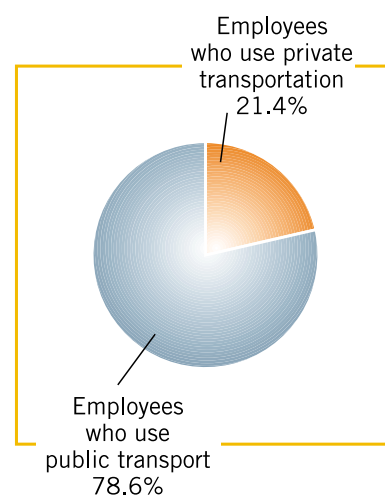
Issues regarding water discharges, atmospheric emissions and noise are not particularly significant in relation to the Parent Company's operations. Water discharges are of a normal civilian nature. For atmospheric emissions (from extractors and boilers), which are regulated by legal limits, the focus is on improving existing management systems to ensure compliance.

### Commuting to work and emergency management

The analysis of problems associated with staff commuting to work, in terms of environmental impact, is however of greater interest. The percentage figure for the use of public transport to reach the central Milan offices of Cordusio and Prati is particularly impressive.

Emergency management is primarily concerned with fire risks. From this standpoint, in accordance with the provisions of current laws, each office has an emergency evacuation plan, which is properly updated and disseminated to staff and visitors, and which is referred to for the performance of periodic emergency drills. In addition, regular inspections are conducted regarding the ongoing efficiency of fire fighting devices.

#### *Staff commuting to work*



## Indirect effects on the environment

**F**or UniCredito Italiano, assuming the responsibility of working for sustainable development has meant being aware that the realm of action of a financial institution must go beyond mere environmental controls and the safety of its operations.

UniCredito Italiano's indirect effects are primarily translated into the ability to persuade and stimulate corporate customers - through credit policies, formal agreements and the dissemination of information, conveying the value of a positive approach as a strategic competitive factor - to support sustainable development.

On this front, UniCredito Italiano has launched a multifaceted, diversified series of initiatives and measures.

In addition to arranging and participating in conventions, conferences and seminars aimed at creating awareness and providing information on environmental management systems and the role of the financial sector in promoting them (see box below), UniCredito Italiano has focused its efforts on defining innovative tools for promoting sustainable development in companies.

Certain initiatives were aimed at disseminating technical and scientific information within the industrial sector: UniCredito Italiano has promoted and participated in several conventions on environmental issues. These events included the following:

- 16 March 1999 – “Environmental certification and corporate development: what incentives exist for greater dissemination of existing systems?” promoted by UniCredito Italiano and the Polytechnic Institute of Milan;
- 20 October 1999 – 12th Conference on Chemistry, “Latest situation on environmental information in chemical companies: The ‘Seveso bis’ Directive, Environmental Report and EMAS Statement” arranged by Federchimica

- 15 December 1999 – the convention “Italian industry and the challenge of environmental innovation: tools, strategies and success stories,” organised by the Kyoto Club.

In March 2000 UniCredito Italiano also contributed its experience to a seminar, arranged as part of the Observatory of Environmental Management Systems of IEFE and Bocconi University, called: “The environment and financial intermediaries: the realities and myths of a relationship to be built” with the objective of exploring the role that various participants in the financial sector (banks, mutual funds, insurance companies, etc.) play or could play in encouraging the spread of environmental management systems.



These actions are a concrete response to the commitments assumed by UniCredito Italiano at the international level with the signing in June 1998 of the statement promoted by UNEP (the United Nations Environment Programme), the “Statement by Financial Institutions on the Environment & Sustainable Development,” and at the national level by signing the Letter of Understanding with the Ministry of the Environment in March 2000.

Based on a review of the degree of sensitivity of Italian companies, several development options were first defined for the effective involvement of UniCredito Italiano in the environmental area. To be specific, an “integrated” solution was developed in support of corporate environmental certification called “Formula A,” which is linked, through a separate mechanism, to another initiative – the “Green Bond” – which has the objective of providing innovative finance for the development of environmental qualification. In addition, to understand and to determine what the actual needs and difficulties of entrepreneurs and market participants in the area of the environment and safety are and to provide appropriate and effective answers, UniCredito Italiano, in collaboration with major partners, also started an online information and assistance service through the establishment of “Greenlab,” a portal specialising in the environment and safety.

#### **Formula A**

Formula A is the result of field research which enabled UniCredito Italiano to better understand the needs of companies in the environmental area, which showed that there was a need to offer a range of services capable of meeting diversified requirements.

Formula A offers “modular” services such as subsidised finance for small and medium-sized businesses, which is aimed at covering the expense of implementing an environmental management system, obtaining the assistance of a leading consulting firm and insurance cover for risks associated with modifying equipment.

#### **Green Bond**

The Green Bond is a financial instrument developed by UniCredito Italiano. Its purpose, is to provide incentives for the spread of environmental certification through collaboration between industries and banks. Green Bond leverages the sense of responsibility of large companies and their capacity to mobilise a large number of companies - their own suppliers.

In terms of placement the Green Bond is targeted at multinational companies operating in Italy and is designed to establish a dedicated credit limit for subsidised loans to small and medium-sized businesses from their own sector, to cover expenses connected with environmental certification. This financing vehicle is also targeted at trade associations and groups of companies interested in promoting environmental certification in small and medium-sized companies.

At present, the following companies participate in this initiative: Fiat Auto, the Falck Group, Permasteelisa, Enel, Enichem and STMicroelectronics.



### **The specialised portal, Greenlab**

The purpose of Greenlab ([www.greenlab.it](http://www.greenlab.it)) is to gather information and services on environmental topics, health and safety in order to assist companies, public and private agencies and in general all participants in the sector, to use an approach for better internal and external management, with the goal of increasing efficiency and reducing waste.

Through the portal, UniCredito Italiano intends to provide discussions and support of a technical and specialised nature, with benefits for the management of specific problems, and to offer in the future a showcase of products and suppliers in the environmental and safety market with the ability to buy or sell quality items online.

At present, this project, which was launched in September 2000, has completed the design and graphic construction phase for the site and developed some of the areas planned.

### **Worker safety and health**

The Integrated Management System incorporates a number of specific activities for the management of worker safety and health in compliance with the provisions of Legislative Decree 626/94 (as amended and supplemented). Efforts are aimed at safeguarding the physical integrity and health of individuals, monitoring safety conditions of equipment and ensuring a healthy work environment.

The medical examinations dictated by current laws for employees assigned to use equipment with monitors are planned and scheduled by the Prevention and Protection Department and are carried out by the authorised doctor taking into account the characteristics of the workplace, ergonomic criteria and changes in activities.

The occurrence of accidents is very limited and primarily involves commuting accidents. This and more general considerations on the type of activity performed, which is characterised by sources of risk of a predominantly behavioural nature, shed light on the importance of information and training measures focused on the individual with the aim of increasing awareness of the role of prevention, including outside normal working activities.

#### ***Accident data***

	No. of accidents	Frequency index	Severity index
Accidents occurring in the office	5	0.11	0.01
Travel accidents*	32	0.71	0.16

\* These include accidents occurring outside the office during work hours and in transit to and from the workplace.

Below are some of the measures taken by UniCredito Italiano, which, together with training and information initiatives, are in keeping with this approach.

#### **Passive smoking**

The hazards associated with burning tobacco have led the scientific and technical community to indicate an urgent need to initiate preventive programmes aimed at reducing and/or eliminating the risk of “passive smoking” in closed environments. The growing interest of public opinion in, and increased sensitivity of employees and company union organisations to this topic have led the Parent Company and Credito Italiano to take precautionary measures and steps, not least in relation to the need to ensure greater protection of health and safety at work, which were soon adopted by other Group companies. These measures, the implementation of which cost over Lit. 90 million, involved the banning of smoking in work areas (with the exclusion of specifically marked areas) for a healthier environment, and thus, the greater well being of individuals, and the posting of special “No Smoking” signs in areas frequented by customers and the public.



### **Cancer prevention**

For several years at the Parent Company and Credito Italiano (Milan and Rome) screening has been offered to female personnel of the companies, including diagnostic examinations (pap tests) and breast and gynaecological examinations. Examinations are scheduled every 15 to 18 months. Staff are advised of the dates of the examinations, which are performed at the medical units of the large offices.

### **Organisational structure of the Integrated Management System**

**T**he project of building the System, which is currently still in the implementation phase, started off with the definition of the organisational structure needed for its operation.

In fact, the gradual assimilation of a corporate culture that will lead to the entrenchment (in decision-making processes, management dynamics and individual behaviours) of the values that guided the environmental, social and safety policies of UniCredito Italiano, requires that the areas that perform a key role in the implementation and proper operation of the Integrated Management System be identified, involved, sensitised and made aware of their responsibilities.

The organisational structure includes a staff unit reporting direct to the Managing Director/CEO known as the Environment, Safety and Social Report Unit (ASBS), whose duty is to implement and maintain the operations of the Integrated Management System in accordance with company policy and relevant regulations.

### **The role of the Parent Company and management procedures**

**T**he role of the Parent Company is primarily one of directing, planning and co-ordinating activities, as well as verifying the ability of the Integrated Management System to perform the obligations defined in the policy.

The methods used by the Parent Company to carry out these activities were defined in written procedures regarding the following major activities:

- Periodic definition of environmental and safety improvement measures: the identification of areas of improvement is based on evidence of environmental and preventive aspects gathered during the analysis phase. Taking into account corporate policies and the information that results from the application of the integrated system, ASBS identifies potential areas for action that are discussed

with the relevant Group colleagues. The process of identifying, defining and implementing measures for improvement is carried out annually.

- Guarantee of complete compliance, over time, with current regulations in the area of the environment and safety: at the headquarters level, updates are continually made for applicable laws and regulations through the use of qualified and reliable sources.
- Support, information and training for all personnel: ASBS is the reference point for notifications of training requirements and information that arise in all areas responsible for environmental and safety management. The identification of overall needs, planning of necessary action and implementation at headquarters and regional levels are activities performed in collaboration with the Professional Training Centre of the Parent Company.
- Creation of awareness of the outside world and promotion of “sustainable development”: the industry is fulfilling the obligations assumed by UniCredito Italiano to act as an intermediary for the promotion and spread of “eco-compatible management” tools. This action is directed upward through the definition of assessment and selection criteria for suppliers which take into account their environmental and safety records and downward through suitable credit policies and targeted financial instruments;
- Internal implementation and operating controls: control measures, on which the improvement process of the integrated system is based, are managed at headquarters level. The structuring of periodic environmental audits requires integration with periodic safety inspections that have been carried out for some time. The audits will be structured on two levels: periodic inspections at small offices performed through the use of detailed and complete verification documentation form the information base for conducting audits at the main regional offices.

## Where we go from here...

The diverse nature of the environmental and safety management activities conducted by the Parent Company and Credito Italiano explains why the former focuses its efforts primarily on new credit policies, and new financial products and instruments that include environmental and safety criteria or that promote proactive behaviour; while the latter focuses its efforts on monitoring and controlling direct repercussions and improving services. The latter (which, however, are defined at the Parent Company level and will be implemented only at its sites) are presented in the section on Credito Italiano.

The Parent Company's commitment for 2001 will be focused on the following actions:

### Project sharing


- Continue the campaign to create awareness internally at Group banks and companies in order to promote increasing participation in principles and objectives, and to gradually join the Integrated Management System.
- Plan and implement training for staff at the Parent Company and Credito Italiano in the area of the environment and safety in order to facilitate the sharing of the principles and commitments contained in the "Social, environmental and safety policy" and to sensitise and involve staff in the establishment, implementation and operational maintenance of the Integrated Management System.
- Initiate mechanisms for self-training and remote training over the intranet for personnel assigned to positions of responsibility in the area of operating structures.



### Reduction of environmental impact

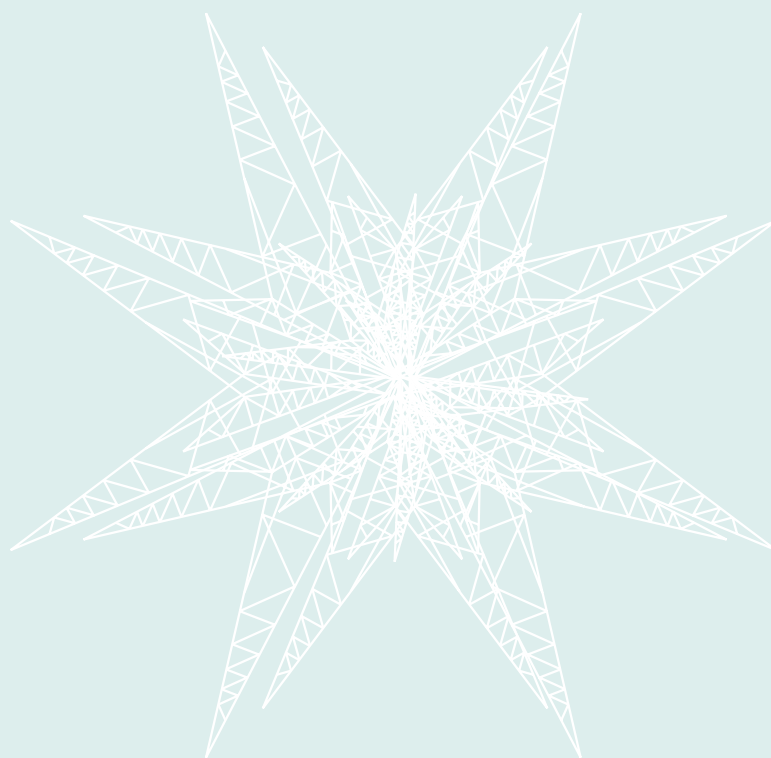
- Paper recycling: assess the technical, operational and logistical feasibility and the cost/benefit relationship of the collection of waste paper and its re-use for the production of environmentally friendly paper to be used by UniCredito Italiano.
- Purchase electricity needed for the larger installations of the Group banks. UniCredito Italiano will participate in a consortium for the production of power from renewable and non-polluting sources, from which energy of about 50 GWh/year will be purchased out of a total Group requirement of approximately 80 GWh/year.





## Relationships





Commitment and shared values



**UniCredito Italiano Group**



## Part Three

# Credito Italiano S.p.A.

Letter from the Chairman, Alberto Cravero

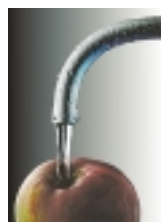
Presentation

Human resources

Other partners

Calculation and breakdown of value added

Application of the Integrated Management System





**Alberto Cravero** Chairman

**Gradual implementation of the principles of social, environmental and safety responsibility endorsed by UniCredito Italiano at the Group level with determination, practicality and continued commitment: this is the goal that we at Credito Italiano have assumed towards our shareholder, the market and our employees.**

A bank of time-honoured traditions, which was re-established on 1 January 2000 through the spin-off of the commercial network of the Parent Company, Credito Italiano is proud to have the task of opening the way for the other federated banks in the preparation of this document, an exchange with the outside world, and is happy to report its experience (which definitely has room for improvement) to share the path towards growth, on which the essential values of focusing on the individual are a common, shared goal.

In fact, we aim to establish our identity in such a way that it comprises not only financial services and products, but also our history and capability to be present and active in the markets where we operate, with the realisation that our actions, our behaviour and the way we relate to the outside world will give more tangible and enduring results the more we share these values with our customers and the community where we operate and to the extent these values are the fruit of the common, shared labour of our employees.

Our branch network, which has doubled in size over the last ten years, offers a meaningful point. Some 40% of our new, fully operational branches were opened in the South and islands. This was a good contribution to strengthening the range of services offered to individuals and companies in those areas and also a boost to employment.

However, we must look to the future with the realisation that there is still much to be done. Our moral, environmental and safety principles must be transformed not only into business-oriented growth strategies, but also into a daily, constructive exchange with our institutional, economic and social counterparts.

**We hope that in the future the Social and Environmental Report will represent a periodic opportunity to reflect on what we are and what we want to become in the areas where we have a presence. For those who read the report, it should also serve as an occasion to learn about and participate in the life of the bank.**



# Presentation

## History

**F**ounded in 1870 as Banca di Genova, in the early 1900's Credito Italiano already played a leading role in the development of domestic banking by contributing significantly to the industrialisation of the country.

After World War I, the Bank underwent a challenging reorganisation.

The controlling interest in the Bank and its industrial holdings were transferred to IRI, and Credito Italiano became known as a state-controlled bank.

In the framework of the banking system established by the law of 1936, the bank continued to operate in support of the economy. Expanded operations and technological progress made it possible to update operating procedures and manage the organisational structure of the Bank with advanced management methods.

With the public offer for sale of December 1993, Credito Italiano became a private sector company with a broad shareholder base. In 1995 the Bank acquired Credito Romagnolo, which was subsequently merged with Carimonte into Rolo Banca 1473.



At present, Credito Italiano is one of the seven federated banks that make up the UniCredito Italiano Group, which was established on 23 October 1998 from the union of the Credito Italiano Group (established in 1995 with the combination of Credito Italiano and Rolo Banca 1473) with Unicredito Italiano.

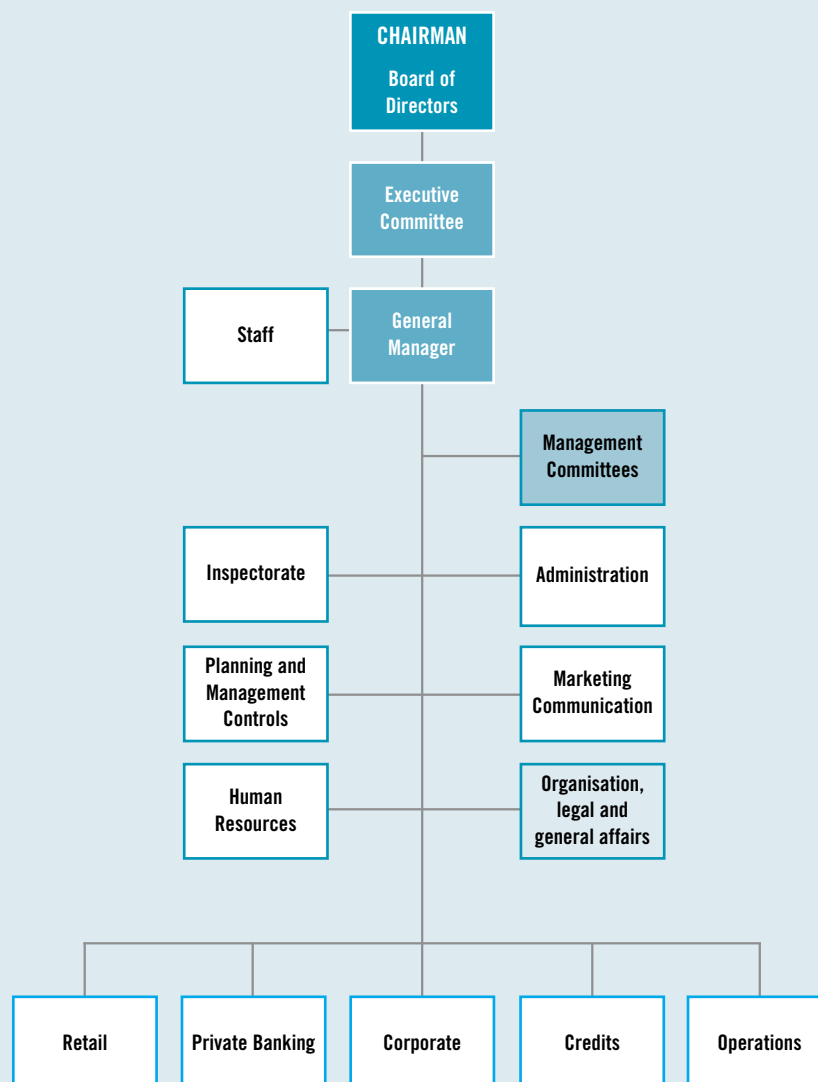
Credito Italiano was “reborn” on 1 January 2000 with the spin-off of the Credito Italiano Bank Division from the Parent Company, UniCredito Italiano.

At present the Bank operates through 689 offices and ordinary branches throughout the country with 10,538 employees. In addition to traditional branches, there are several channels with a better cost and revenue profile (in-store branches, investment centres, telephone banking and Internet banking).

While maintaining its traditional relationships with large corporate customers, in recent years Credito Italiano has increasingly targeted small and medium-sized companies and individuals in an effort to achieve a growing presence in the domestic market through the diversification and quality of its services.

The Bank recently established an organisational structure, which is unique in the Italian banking industry and is based on the specialisation of distribution and structured in three business divisions: Corporate, Retail and Private Banking. This model has been adopted by some of the best English, German and Spanish banks.

## Organisational structure (as at 31/12/2000)







## Organisation

The year 2000 was characterised by the consolidation of the spin-off of Credito Italiano from the Parent Company, which coincided with the creation of a new organisational and commercial model. Through the specialisation of structures, including support and management structures, the aim of this model was to improve the efficiency of the distribution network. Thus the bank was divided into three business areas: Corporate, Retail and Private Banking.

The divisional model makes it possible to expand and strengthen the Bank's presence in the market in three ways: the development of skills and services that stand out from those of the competition, the focus of management systems and qualifications, and improved visibility in the market.

The new organisational structure required the redefinition of roles and procedures, the modification of the configuration of branch information systems for managing users, the re-assessment of account manager portfolios and new reporting lines in Regional Management offices. In addition, adjustments were made to the procedure for transmitting orders to markets and for settlement procedures following the start-up of Trading Lab, online trading and after-hours services.

The Corporate network is made up of 7 Regional Management offices and 72 branches; the Retail network consists of 8 Regional Management offices and 87 branches; and the Private Banking network consists of 54 business units.

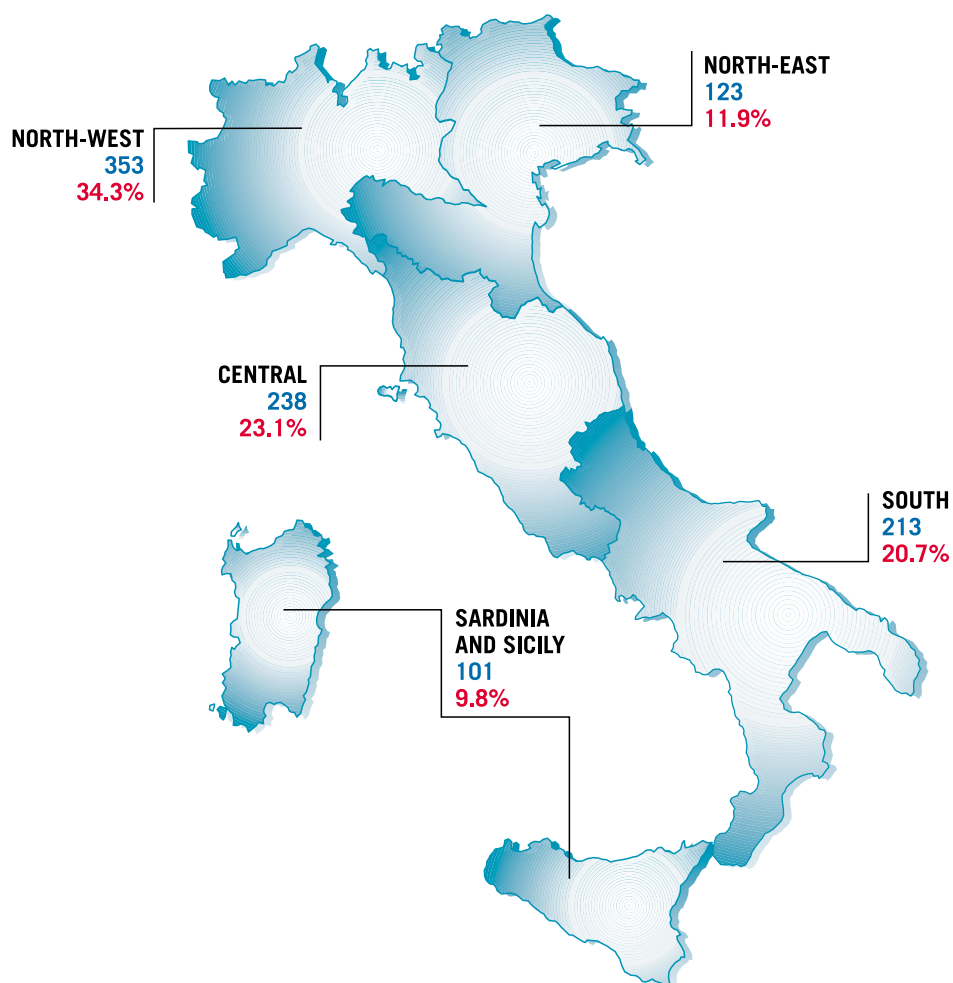
## Geographical distribution

In 2000 the branch network increased by 5 units following the opening of 5 ordinary branches, 3 agency and/or company branches, 2 in-store branches and 2 investment centres. On the other hand, in accordance with the antitrust provisions of the Bank of Italy, 4 ordinary branches were sold.

Taking into account the reorganisation of the branch network and the fact that foreign branches and representative offices remained within the Parent Company, Credito Italiano has 1,028 offices.

*The branch network*

Type	Number
Offices and ordinary branches	689
Investment Centres	2
In-store branches	4
Outside Private Banking units	19
Customs branches	2
Cash and foreign exchange bureaus	1
Branches at agencies and/or companies	67
Separate branches offering ancillary services	1
<b>Total banking offices</b>	<b>785</b>
Corporate automated tellers, remote automated tellers, separate branches for ancillary and treasury services	243
<b>Total</b>	<b>1,028</b>

*Geographic breakdown of banking offices and automated teller machines*



Automated teller machines (over 1,000 units) are installed at nearly all ordinary branches and also located within agencies and companies and in public places. There were approximately 31 million transactions (up by 5% over the prior year) for a total amount of over Lit. 7,238 billion. This year there was also a further increase in POS operations. In fact, by the end of the year, over 8 million transactions (up by 21% over the prior year) had been carried out on the over 9,500 POS devices owned by the Bank, for an equivalent of Lit. 1,463 billion (up by 24% over the prior year).

The number of credit and debit cards remained constant, including the nearly 800,000 Creditplus cards, which are unique since they can be used for payments in Italy and abroad.

## Human resources

The history of Credito Italiano is closely tied to the evolution of UniCredito Italiano. Accordingly, the policies relating to the management and development of human resources, as defined and presented in the section on the Parent Company, can naturally be considered to be adopted by the Bank, since such policies are created, expanded, applied and shared in or through the Bank.

Thus, the data and information provided below serves to reproduce for Credito Italiano the informational background presented in the section on the Parent Company, which should be consulted for references to the policies and description of the means used to apply them.

Credito Italiano has 10,538 employees. Excluding Lombardy, where over 24% of our staff work, there is a average presence in regions of 4% with peaks in Latium (12.4%), Piedmont (9.6%) and Campania (7.3%).

Following the re-organisation resulting from the specialisation of the network into three business areas (Corporate, Retail and Private Banking) and the ensuing growth in professional positions together with the gradual downsizing of employees in clerical and back office positions, managerial staff represented 35% of the overall employee population of Credito Italiano.

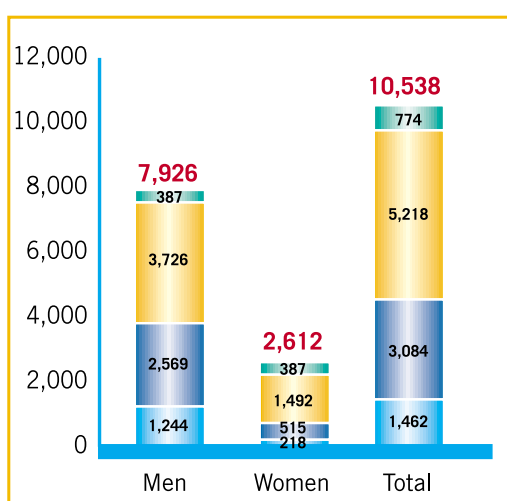
Female staff represented 25% of total employees, with a percentage of part-time contracts that exceeds 38% among female staff.

### *Composition of staff by category*

Categories	Men	Part-time	Women	Part-time	Total
Senior managers	118				118
Executives	3,213	1	395	10	3,619
Clerical staff	4,475	83	1,353	854	6,765
Messengers/Auxiliary workers	36				36
<b>TOTAL</b>	<b>7,842</b>	<b>84</b>	<b>1,748</b>	<b>864</b>	<b>10,538</b>

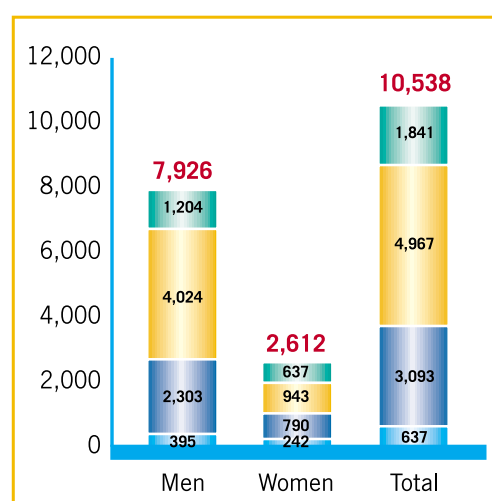
Although the category of employees with average length of service of 16 to 30 years predominates (65%), the percentage of staff at Credito Italiano with less than 15 years of service (28%) is significant enough to indicate a trend towards the recruitment young people and the creation of new professional positions.

**Breakdown by length of service**



■ Up to 10 years     ■ From 21 to 30 years  
■ From 11 to 20 years     ■ Up to 30 years

**Breakdown by age**



■ Up to 30 years     ■ From 41 to 50 years  
■ From 31 to 40 years     ■ Over 50 years

**Average length of service and average age by category**

Categories	Average length of service		Average age	
	Men	Women	Men	Women
Senior managers	25.0		47.9	
Executives	20.5	18.5	43.9	41.1
Clerical staff	19.6	19.5	43.6	41.7
Messengers/Auxiliary workers	17.0		44.8	

**Protected categories**

	Total
Disabled (Article 1 of Law 68/99)	815
Orphans, widows, refugees (Art. 18 of Law 68/89)	470
<b>Total</b>	<b>1,285</b>

**Career development, incentives and salaries**

During the year there were 931 promotions overall affecting approximately 9% of staff. Of these, 209 concerned female staff representing a percentage in excess of 22%, which is nearly the same percentage in all types of promotions, with the exclusion of promotions to senior management.

Although there was a slight decline in staff, overall managerial staff increased by 268 employees or by 7.72%.

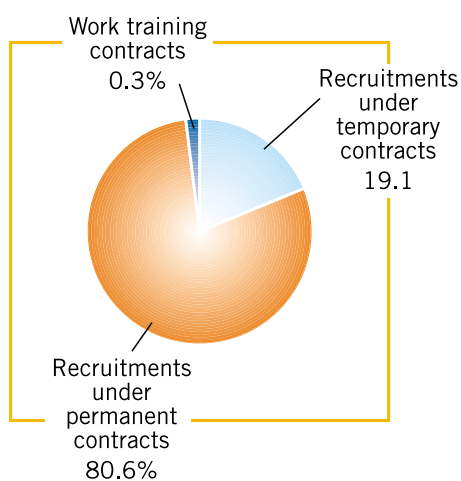
**Career development: promotions**

From 1.01 to 31.12.2000	Men	Women	Total
Messengers/Auxiliary workers promoted to Clerk	36		36
Promotions within clerical categories (up to Office Supervisor)	258	106	364
Clerks promoted to corporate officers and supervisors (to 30.4.2000)	95	31	126
Corporate officers promoted to supervisors to 30.4.2000	10	4	14
Clerks/corporate officers/supervisors promoted to executives to 30.4.2000	45	7	52
Clerks promoted to management officers starting 1.5.2000	123	35	158
Promotions within categories of management officers starting 1.5.2000	91	23	114
Promotions to senior managers starting 1.1.2000	67		67

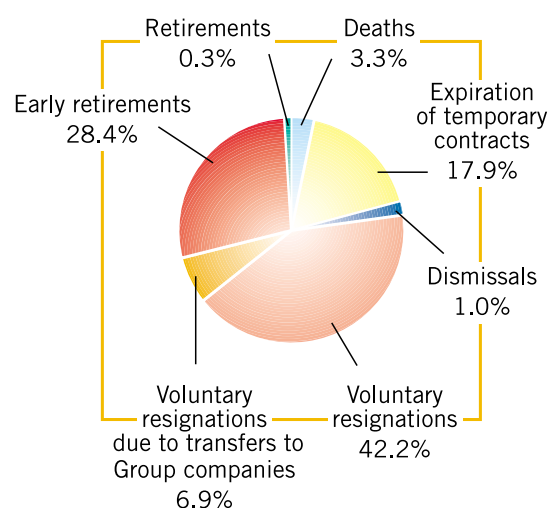
In 2000 there were 367 new recruits (80% of which under permanent contract) and 391 reductions, of which 147 employees were given separation bonuses with an outlay of Lit. 16.1 billion.

Temporary contracts were entered into to cover operations in excess of normal production: these were activities dedicated to the implementation of the new Group information system, UNISIG. Approximately 90% of the temporary contracts that expired in 2000 were converted to permanent contracts.

**Recruits**



**Leavers**



In order to give all staff a tangible sign of the Group's success, in 2000 a plan was initiated to allocate to most employees a quantity of common UniCredito Italiano S.p.A. stock, which was issued pursuant to Article 2349 of the Civil Code and is subject to a restriction making it unavailable for a period of 3 years from the issuance date, in an amount of Lit. 4 million for each employee, as a part of a revision of the corporate incentive structure.



In general, the tables in the National Collective Labour Contracts are used for determining salaries. As already noted for UniCredito Italiano, the search for new professionals, who are not necessarily from the banking industry, resulted in a slight increase in the average level of salaries for managerial staff.

### ***Average gross salaries***

Categories	Thousands of Lit.
Senior managers	185,609
Executives	87,237
Clerical staff	54,287
Messengers/Auxiliary workers	42,229

The new National Collective Labour Contract introduced the “hour bank” regulation. The approval rating by employees, the impact of this overtime mechanism on payroll costs and the ways in which employees take advantage of this flexible tool will be analysed in the coming years in order to assess its functionality and effectiveness. With regard to 2000, the data for office workers show per capita additional work hours averaging a total of 52 hours. Overtime as a percentage of total work hours was 2.1%. On the other hand, 115,292 hours were “deposited” in the hour bank, representing a little more than 1% of total work hours.

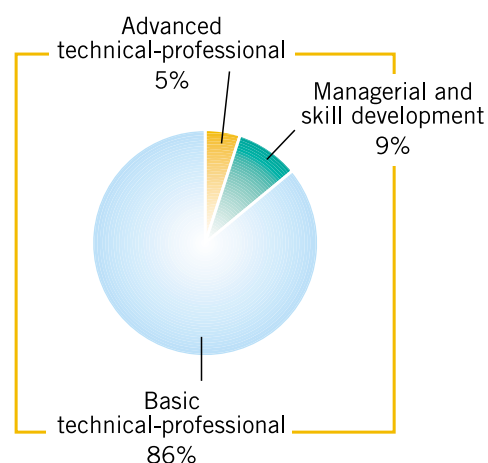
### ***Overtime (No. of hours)***

As at 31.12.2000	
<b>Clerks</b>	
men	183,516
women	41,959
<b>Messengers/Auxiliary workers</b>	
men	1,292
women	-
<b>TOTAL</b>	<b>226,767</b>

## Training and skill development

The organisation of continuing training programmes for the improvement of employees is a key aspect of the plan for implementing the guiding principles of the company. In the area of managerial training, there is a continuing commitment to developing skills. Training options have favoured short courses aimed at developing specific skills.

*Training hours by type*



### Training content

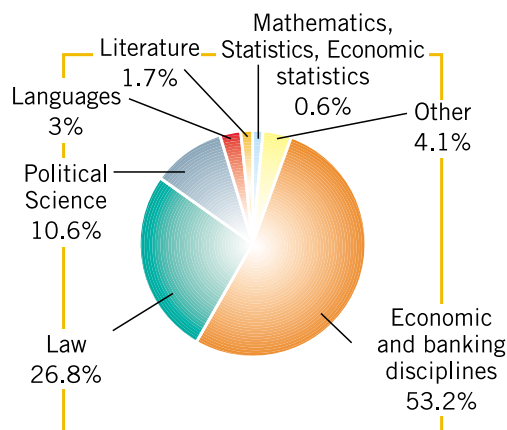
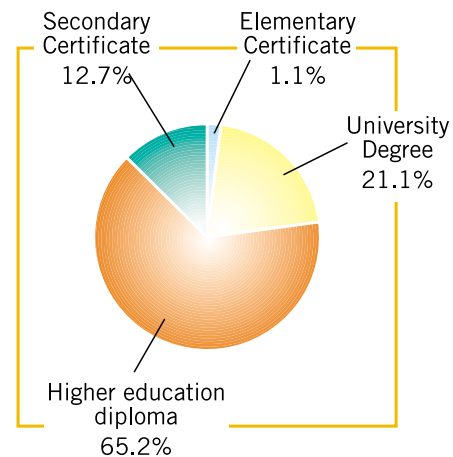
TYPE OF TRAINING	Personnel involved	No. of hours
Basic technical-professional	2,732	109,702
Advanced technical-professional	519	6,338
Managerial and skill development	668	11,612
<b>Total</b>	<b>3,919</b>	<b>127,652</b>

### Employee qualifications by category

	Senior managers		Management officers		Clerks		Auxiliaries/Messengers		Total	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
University degree	40		937	96	832	316			1,809	412
Higher Education diploma	78		2,259	289	2,777	1,463			5,114	1,752
Secondary Diploma			18	20	844	422	33		895	442
Elementary school					99	4	8		107	4
Not available					1	2			1	2

21.1% of Bank staff hold a university degree; (28.7% of management officers and senior managers).

The faculties that provide the most employees (in addition to economics and business, economics of the firm and banking and finance) are law and political science.

*Type of university degree**Percentage breakdown of staff qualification*

## Industrial relations

**A**s part of a long-standing tradition, union relations based on an open and constructive dialogue continue at the new entity resulting from the spin-off from UniCredito Italiano.

During the year, meetings with union organisations occurred at a rapid pace in accordance with the provisions of the new national collective labour contract for the sector, which significantly increased the opportunities for discussion. The most significant event was the reform of reporting lines, which was translated into the application of the new contractual provisions regarding management officers and new senior management. Other important issues were the staff incentive system tied not only to individual results but also to performance achieved at the "team" level, ongoing training and the professional and career development of staff.

During the first half of 2001, negotiating parties will be engaged in the renewal of the Supplemental Company Contract. Union membership at Credito Italiano is approximately 70%.

## Absences

**I**n 2000 the staff at the Bank had a total of about 158,000 days of absence (a little less than 15 days per person with an average of 6.8% of total work days).

## Absences

Causes	No. of days
Illnesses, accidents and medical appointments	94,300
Maternity leave	18,800
Family or personal reasons (bereavement, family assistance, birth of children, educational reasons, etc.)	9,000
Union leave	15,150
Blood donation	1,340
Other reasons	19,400
<b>Total</b>	<b>157,990</b>

## Supplemental assistance, pension fund, subsidised loans and company services for employees

Credito Italiano provides all the forms of employee assistance and support in use within the Group. The table summarises contributions made for these types of activities for the year 2000.

### Cost to Company of fringe benefits


(MILLIONS OF LIT.)

2000

Health insurance	6,100
Pension fund	56,057
Scholarships for the children of employees	1,265
Assistance for the children of employees	1,637
Assistance for disabled family members	387
Length of service payments	12,376
Cultural and recreational activities	372
Personal loans	59

As at 31 December 2000 there were 10,365 individuals enrolled in the pension fund (over 98% of staff).

Subsidised loans were made up as follows: 64 loans for household needs, 411 new mortgages for first homes and 9 for second homes. Credito Italiano entered into insurance policies for its employees with the same features as those described for UniCredito Italiano. The Company paid the insurance company approximately Lit. 15,000 per person for these policies.



Synergy

## Other partners

### Customers

The following table shows the breakdown of customer deposits by sector of activity.

#### Deposits by sector of economic activity

(AMOUNTS IN BILLIONS OF LIT.)

	31.12.2000		1.01.2000	
	Amounts	% of total	Amounts	% of total
<b>Governments</b>	<b>872.6</b>	<b>2.53%</b>	<b>1,250.9</b>	<b>3.32%</b>
<b>Finance companies</b>	<b>2,751.4</b>	<b>7.97%</b>	<b>5,868.6</b>	<b>15.59%</b>
<b>Non-finance companies and manufacturing groups:</b>				
- Agricultural, forestry and fishing products	95.1	0.28%	87.2	0.23%
- Energy products	119.8	0.35%	78.6	0.21%
- Minerals and ferrous and nonferrous metals	103.4	0.30%	109.3	0.29%
- Minerals and non-metallic products	183.3	0.53%	166.7	0.44%
- Chemical products	217.3	0.63%	244.2	0.65%
- Metal products	265.5	0.77%	242.4	0.65%
- Agricultural and industrial machinery	703.0	2.04%	586.7	1.56%
- Office equipment	77.0	0.22%	63.2	0.17%
- Electrical material and supplies	714.0	2.07%	349.7	0.93%
- Transportation	398.8	1.15%	193.6	0.52%
- Food products, beverages, tobacco	205.7	0.60%	215.4	0.57%
- Textiles, leather, clothing	711.3	2.06%	449.0	1.19%
- Paper, printed products, publishing	99.3	0.29%	125.2	0.33%
- Rubber and plastic products	109.8	0.32%	106.6	0.28%
- Other industrial products	205.1	0.59%	191.7	0.51%
- Building and civil engineering	562.9	1.63%	536.2	1.43%
- Business services	1,407.4	4.08%	1,461.8	3.88%
- Services of hotels and public commercial concerns	106.2	0.31%	93.2	0.25%
- Domestic transportation services	99.6	0.29%	65.6	0.17%
- Sea and air transportation services	69.7	0.20%	80.0	0.21%
- Transportation-related services	145.7	0.42%	171.4	0.46%
- Communications services	42.4	0.12%	142.4	0.38%
- Other services for sale	1,185.0	3.43%	1,113.4	2.96%
	<b>7,827.3</b>	<b>22.68%</b>	<b>6,873.5</b>	<b>18.27%</b>
<b>Private institutions</b>	<b>2,417.6</b>	<b>7.01%</b>	<b>2,912.4</b>	<b>7.74%</b>
<b>Consumer households</b>	<b>20,641.6</b>	<b>59.81%</b>	<b>20,727.1</b>	<b>55.08%</b>
<b>Total for residents, in eurozone and foreign currencies</b>	<b>34,510.5</b>	<b>100.00%</b>	<b>37,632.5</b>	<b>100.00%</b>
<b>Remainder of world</b>	<b>1,029.7</b>		<b>1,742.7</b>	
<b>TOTAL</b>	<b>35,540.2</b>		<b>39,375.2</b>	

It is interesting to note that over half of deposits (59.81%) are from consumer households, and another significant portion comes from finance companies (7.97%), while only 22.68% is raised on the whole from all other sectors of economic activity. To assess fluctuations in savings, it is necessary to review the corresponding table of loans that follows, which is broken down by the same sectors of activity.

## Loans by sector of economic activity

(AMOUNTS IN BILLIONS OF LIT.)

	31.12.2000		1.01.2000	
	Amounts	% of total	Amounts	% of total
<b>Governments</b>	<b>1,770.4</b>	<b>3.26%</b>	<b>1,517.2</b>	<b>2.99%</b>
<b>Finance companies</b>	<b>8,630.6</b>	<b>15.87%</b>	<b>9,089.7</b>	<b>17.92%</b>
<b>Non-finance companies and manufacturing groups</b>				
- Agricultural, forestry and fishing products	357.3	0.66%	318.9	0.63%
- Energy products	1,593.2	2.93%	1,655.3	3.26%
- Minerals and ferrous and nonferrous metals	921.8	1.69%	789.1	1.56%
- Minerals and non-metallic products	576.6	1.06%	641.6	1.27%
- Chemical products	938.5	1.73%	783.5	1.54%
- Metal products	1,167.0	2.14%	901.3	1.78%
- Agricultural and industrial machinery	1,300.7	2.39%	1,501.5	2.96%
- Office equipment	314.6	0.58%	270.8	0.53%
- Electrical material and supplies	1,003.8	1.85%	778.1	1.53%
- Transportation	983.4	1.81%	764.4	1.51%
- Food products, beverages, tobacco	1,413.5	2.60%	1,269.4	2.50%
- Textiles, leather, clothing	1,985.0	3.65%	1,755.2	3.46%
- Paper, printed products, publishing	623.8	1.15%	434.6	0.86%
- Rubber and plastic products	438.8	0.81%	437.4	0.86%
- Other industrial products	970.5	1.78%	870.6	1.72%
- Building and civil engineering	1,765.5	3.24%	1,682.4	3.32%
- Business services	6,066.9	11.16%	5,291.7	10.43%
- Services of hotels and public commercial concerns	419.3	0.77%	408.8	0.81%
- Domestic transportation services	321.1	0.59%	418.0	0.82%
- Sea and air transportation services	325.0	0.60%	163.0	0.32%
- Transportation-related services	593.3	1.09%	528.8	1.04%
- Communications services	393.4	0.72%	769.2	1.52%
- Other services for sale	3,253.3	5.98%	3,002.6	5.92%
	<b>27,726.3</b>	<b>50.98%</b>	<b>25,436.2</b>	<b>50.15%</b>
<b>Private institutions</b>	<b>551.2</b>	<b>1.01%</b>	<b>1,153.9</b>	<b>2.27%</b>
<b>Consumer households</b>	<b>15,707.8</b>	<b>28.88%</b>	<b>13,526.9</b>	<b>26.67%</b>
<b>Total for residents, in eurozone and foreign currencies</b>	<b>54,386.3</b>	<b>100.00%</b>	<b>50,723.9</b>	<b>100.00%</b>
<b>Remainder of world</b>	<b>1,330.2</b>		<b>831.1</b>	
<b>TOTAL</b>	<b>55,716.5</b>		<b>51,555.0</b>	

In the area of loans, operating companies and manufacturing groups naturally absorb the majority of available resources (50.98%), while consumer families take a little more than one fourth (28.88%) of total loans. On the other hand, for finance companies the amount lent (15.87%) is double the amount deposited (7.97%).



## Telephone and home banking

During the year, there was continued growth in remote banking activities through specific services such as ProntoCredit telephone banking, for which over 287,000 users qualified (in addition to the nearly 29,000 users of ProntoCreditBusiness, the specially designed service for professionals and entrepreneurs). 281,000 securities transactions were settled amounting to Lit. 3,240 billion, and approximately 20,000 bank transfers were made through the telephone banking service.



There was also significant growth in the Online.Credit service, a home banking service accessible by retail customers over the Internet, with information functions (balance and current account movements, cheque clearing status, status of securities deposited) and operational functions (bank transfers) in a multi-channel context (customer access codes and information are the same as those provided using the telephone banking service). During the year 2000, operational functions were also activated for securities, thereby significantly increasing the potential use of this tool, which now allows customers, from their homes or anywhere else, to conduct a large number of transactions for which it was previously necessary to be physically present at the bank to place the authorised, operational signatures on forms. At the end of 2000 over 94,000 users had enrolled in the Online.Credit service (in addition to the over 12,500 users of the dedicated corporate service), of which more than 23,000 have completed securities trades, which totalled 480,000 during the year and amounted to Lit. 4,850 billion. Transaction security is guaranteed by passwords and electronic authentication and authorisation keys that are delivered to customers at the time the service is activated.

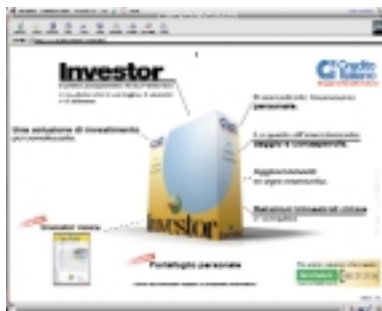


Credito Italiano is a participant in UBM's Trading Lab® project, which was already described in the section on the Group, and which provides access, inter alia through the website [www.tradinglab.com](http://www.tradinglab.com), to best bid and asked prices on amounts available, updated every minute, the last contract traded (price, quantity and time-stamp) and on risks (pricing information is also made available on special Televideo pages).

## Commercial packages (Genius, Investor, Imprendo)

In the year 2000 the marketing of the Genius and Investor packages continued.

The former is targeted at normal account holders and its main characteristic is that the account maintenance charge is for a flat amount paid monthly, which covers inter alia the Bancomat cash and debit card, the CartaSi credit card, an unlimited number of transactions, postal charges, the mailing of an account statement, cheque-books and year-end closing charges. It is also worth noting that it is possible to obtain information on current accounts and other services of the Genius package through the cell-phone Short Message Service 24 hours a day.



Investor is dedicated to those who invest in securities: they receive a quarterly newsletter with an update on the performance of their savings and clear and easy-to-understand news, commentary, analysis and articles.

The Imprendo product is a current account offered by all banks of the UniCredito Italiano Group, targeted at companies with revenues of up to fifty million lire (silver formula) or up to three billion lire (gold formula). This product has a fixed monthly charge and a basket of banking and non-banking benefits dedicated to entrepreneurs, their family members and employees: these include a system to reduce telephone costs, benefits for the purchase of petrol coupons, a free corporate Telepass (automatic motorway toll), a check-up under Legislative Decree 626/94 in collaboration with Beghelli S.p.A., and car leasing benefits offered by Locat S.p.A. In just eight months since the start-up date, there have been over 40,000 new participants.



## Credito Italiano and Tecnocasa launch a bank for home buyers

The business plan, which was jointly defined by Credito and Tecnocasa, a leading player in the franchised real estate business, expands existing co-operation between the two companies through the establishment of a new venture called Adalya Banca Immobiliare, which will start operations in 2001 after completing the Bank of Italy approval process. The new bank will:

- Offer customers a broad and innovative range of financial products related to the home, from mortgages to financing for refurbishment and insurance;
- Integrate the offering of financial products with home services (plumbing, electrical work, etc.).

## Quality and transparency

The following are some of the steps taken to improve the quality and fairness of customer relationships:

- The technical modifications and implementation aimed at making it possible to compound interest receivable on an interim basis – Resolution CICR 9.2.2000 “Compounding”;
- The establishment of monitoring aimed at measuring the quality and levels of service provided over time to external and internal customers by existing structures;
- The execution of modifications and implementations regarding transparency aimed at creating new functionality, which at the time new current accounts are opened, will provide customers with greater detail on, e.g., interest compounding periods and the corresponding effective annual rate.

## Complaints

In 2000 a total of 3,169 complaints were received; in 101 cases, in order to resolve the issues raised by customers, arrangements were made for the disbursement of a total of Lit. 399 million.

Of all the complaints received and managed using the “Complaint Office” procedure, only one case was resolved with an unfavourable ruling against the bank by the Bank Ombudsman resulting in an outlay of Lit. 342,000.

	1 <sup>st</sup> half of 2000	2 <sup>nd</sup> half of 2000
Number of complaints	1,486	1,683

The change should be seen as a natural phenomenon: in the securities sector there was a higher percentage, which, in any case as a percentage is inversely proportional to growing business volume.

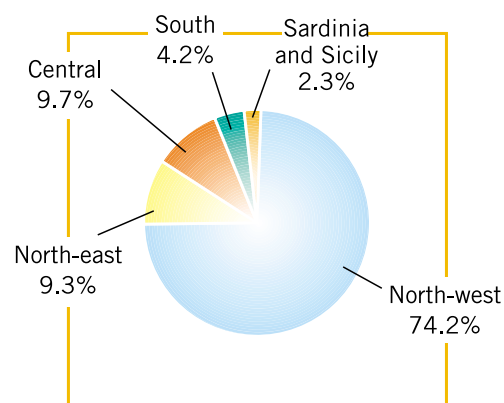
**Complaints broken down by type of product/service/activity**

Subject of complaint	1 <sup>st</sup> half of 2000	2 <sup>nd</sup> half of 2000
<b>1. Products/services</b>		
Current accounts and savings deposits	508	792
Securities	296	205
Mutual funds and asset management accounts	73	49
Short-term credit facilities	114	126
Personal loans/Creditcasa	43	67
Medium-term loans and mortgages	98	121
Bank transfers	52	36
Salaries and pensions	23	5
Credit cards	18	12
Automated teller machines/POS	38	41
Cheques	81	67
Bills	9	17
Insurance policies	27	30
Other	79	80
<b>2. General organisational matters</b>	<b>27</b>	<b>35</b>
<b>TOTAL</b>	<b>1,486</b>	<b>1,683</b>

It should also be noted that 309 complaints were received that concerned matters that required annotation in the "Complaint Book" established pursuant to legal and regulatory requirements that govern securities brokerage activities, for which a specific report is written that is submitted to the Board of Directors and Audit Committee.

**Suppliers**

Credito Italiano has 2,433 suppliers, most of which are located in the North-west. The social and environmental contribution that the Bank can make through its relationship with its suppliers, stakeholders and partners can be on two levels: on the one hand, it is connected with the economic development of related businesses in areas where it has installations; and on the other hand, it is the result of the potential to promote, through appropriate efforts to sensitise or select suppliers, "sustainable" behaviour, including those upstream from the operations of, and decisions made directly by the Bank.

**Breakdown of suppliers by geographic location**

## **Institutions and social causes**

### **Ministry of the Environment**

**U**nder the Letter of Understanding between UniCredito Italiano and the Ministry of the Environment (already mentioned with regard to the relationships of the Parent Company with institutions), Credito Italiano was the operating entity that launched the Green Bond and placed it with multinational companies that underwrote the first tranche. Further tranches will be targeted at other investors (associations, groups of companies, etc.) that are interested in initiating registration in small and medium-sized companies operating in their sector.

For the management of these transactions, Credito Italiano applies a minimum spread of 0.5% to cover the costs incurred, and to be incurred, including the risk of potential bad debts.

### **Italian Exchange Office and Efforts to Prevent Money Laundering**

**I**n 2000 130 transactions which, under anti-money-laundering regulations, were suspicious were reported by our branches to the Italian Exchange Office (99 in 1999).

### **Relationships with associations and donations**

**I**n 2000 Credito Italiano continued to focus on non-profit activities through the support of individual programmes and by pursuing more wide-ranging structured joint projects with several leading associations (in particular, AISM - Italian Multiple Sclerosis Association - and AIRC - Italian Cancer Research Association).

Credito Italiano's commitment is spread among many diverse sectors (see attached detail on donations) from cultural to religious areas and from social matters to medical care and scientific research.

The most significant contributions were made to:

- Consorzio Formazione Universitaria Economia Aziendale - Pinerolo
- Congregazione Figlie della Carità di San Vincenzo de Paoli - Turin
- Istituto Figlie della Carità Canossiana - Verona
- Fondazione Cardinale Giacomo Lercaro - Bologna
- Gruppo Don Tonino - Turin.

Overall donations made to agencies with social objects or in the public interest in 2000 totalled Lit. 94.5 million.

## Sponsoring non-profit organisations

**T**he fundraising campaign for the AIRC (Italian Cancer Research Association), on the occasion of National Cancer Research Day (5 November 2000), was particularly significant.

During this initiative, which involved all Group banks, Credito Italiano raised about Lit. 800 million for the Association.

The bank also sponsored other significant initiatives for non-profit organisations. On the occasion of National Multiple Sclerosis Week, the AISM (Italian Multiple Sclerosis Association) published a white paper on studies and research on the disease, performed in Italy and abroad. The volume's preparation was made possible by economic assistance provided by Credito Italiano, which allocated printing expenses for the 2,000 copies made (about Lit. 8 million).

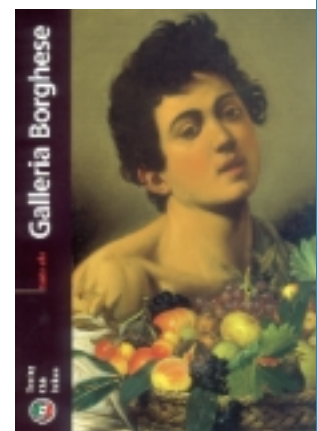
Another charitable effort was made for Save the Children Italia, an international organisation that has been working for eighty years throughout the world to improve the life of children and their families. The Association has been in Mozambique since 1984, and contributed to the initial aid given to children affected by the flood, which in recent months affected the country and destroyed thousands of lives.

In keeping with the request made by Save the Children to distribute special informational materials through our branches to raise funds for children threatened by diseases and in need of treatment, Credito Italiano absorbed the cost for the preparation of this material in an amount of about Lit. 10 million.

## Cultural sponsorships

**D**ue to the contribution made by Credito Italiano (180 million), Touring Club Italia, in collaboration with the Office of Artistic and Historical Heritage in Rome, was able to create the Guide to the Galleria Borghese, one of the most prestigious collections of Italian art, which, three years after re-opening to the public, did not have a guide available.

This is a guidebook of over 500 pages that goes well beyond the ordinary museum catalogue. The guide naturally contains a systematic and scrupulously accurate listing of information and data on all works, which accompany faithful photographic reproductions. It also covers a wealth of general information, and has a descriptive ability to direct readers down the complicated path of the stylistic peculiarities and historical and cultural range that evokes the atmosphere and situations in which the works of art, which abound in the Gallery, came to light.



In the spring of 2000 an important exhibition was sponsored that was dedicated to Michelangelo and organised by the Library Foundation on Via Senato in Milan (at a cost of about 200 million).

The exhibition, which was entitled "*Michelangelo, the writings and biography of a genius*" took on the character of an exceptional event presenting precious materials (letters, cards and autographed drawings from the Casa Buonarroti in Florence) that are only rarely shown to the public.



Other major sponsored events included:

- A photographic exhibition by the Alinari Brothers, "*Italy. A unique country. Photographs 1900-2000*"; a large exhibition recounting the history of Italy through images. The exhibition was initially hosted at the new offices of the Group subsidiary Banque Monégasque de Gestion in Montecarlo, and later in the picturesque setting of the Cervara Abbey near Santa Margherita Ligure, a splendid 14th century Benedictine monastery, which has now been restored to its original splendour by a patron of the arts.
- "*Aperitivo in concerto*" at the Manzoni Theatre, which has become a traditional event in the Milan musical scene. For the third consecutive year Credito Italiano has been a partner in the event, which hosts internationally recognised soloists and groups and includes works from classical and modern music, dedicating special attention to great jazz artists.
- An exhibition in the offices of a Private Banking Branch in Rome of the "*Carta Portolanica*" of Bartolomeo Pareto. The nautical map created in 1455 by the famous Genoa cartographer, which is held by the Main National Library in Rome and was never before shown to the public, represents a wonderful example of a library map, with its overall harmony, rich texture and the refined elements that decorate it. As such, it was created not to be used as a navigational tool but to be kept in an aristocratic home for the exclusive use of a certain important person.
- Several concerts, the most significant of which was one in Venice for the 25th anniversary of the FAI (the Italian Environmental Fund), an association with which Credito Italiano has had a collaborative relationship for several years.
- Events organised in collaboration with prestigious names in the world of fashion (Trussardi), jewellery (Bulgari) and international auction houses (Christie's).

## Publishing

Credito Italiano's commitment in the area of publishing is primarily in the form of the production of the series "La Nuova Scienza" directed by Umberto Colombo and Giuseppe Lanzavecchia, whose first volume entitled "From Tribes to the Conquest of the Universe – Science, Technology and Society" came out in December 2000.

In coming years, this volume will be followed by a further four volumes that will gradually cover all major sciences, their history and technical, epistemological, applicative, social and ethical aspects, and shows their positive developments and negative impact and future prospects: *Man and Machines*, *Information-Based Society*, *Information and Biological Society* and *How Society Is Structured*: from the family to world government. The series *La Nuova Scienza* is a continuation of two previous series of Credito Italiano, *Antica Madre* and *Civitas Europea*. Science and technology have an increasing role in the economy, society and culture, but at the same time they require a number of conditions – organisation, legislation and values – that will lead to the intertwining of diverse types of knowledge and their mutual development. It is not enough to know science or realise the role played by technology: it is necessary to depict them in a way that sheds light on the interconnections with the social system, ethics and culture.



The series intends to provide this unitary, rather than hierarchical, vision of a culture that is in need of all knowledge by showing how cultural development has shaped the world and is destined to have an effect on man's future.

The publication of two volumes (Shareholder's Guide and Saver's Guide) continued; these are dedicated respectively to the stock market and the bond market and are eagerly awaited by our customers who trade in securities.

Finally, the magazine "Euromeridiana" deserves special mention. This is the quarterly magazine on economic issues created exclusively for the bank's Private Banking customers.

Euromeridiana is a summary of advanced economic research to explain the scenarios of Italian and foreign financial, stock and economic markets.



## Calculation and breakdown of value added

As in the case of UniCredito Italiano, after presenting key balance sheet, financial and operating figures, the tables shown below provide essential data from the profit and loss account, which was reclassified in order to show the process for the formation of Value Added (defined as the difference between the value of production and total expenditures) and its distribution among all those, who, for various reasons, have a trade relationship with the bank, and in particular, employees, shareholders, the State, agencies and local governments.

As reported, Value Added represents the bank's ability to create wealth and distribute it among its various key stakeholders in the social context in which they operate in keeping with the optimisation of operating costs.

In addition, for Credito Italiano several specific bank ratios are reported, which it was not considered appropriate to report for UniCredito Italiano, since it is a parent company.

### Summary of key balance sheet and operating data as at 31.12.2000

(AMOUNTS IN BILLIONS OF LIT.)

<b>Total assets</b>	<b>100,461.6</b>
Loans to customers	55,030.5
Loans to banks	26,603.1
Overall customer deposits <sup>1</sup> :	188,718.1
- direct <sup>2</sup>	39,421.1
- indirect <sup>2</sup>	149,297.0
Shareholders' equity	4,047.4
Net interest income	2,216.8
Total revenues	4,554.1
Revenues from services and other sources	2,337.3
Administrative costs	2,061.6
Gross operating income	2,431.6
<b>Net income</b>	<b>1,046.2</b>

1. At market values.

2. Due to customers and securities in issue are net of amounts subscribed by Group banks.

## Reclassified Balance Sheet

### Assets

(AMOUNTS IN BILLIONS OF LIT.)	Amounts as at		Changes	
	31.12.2000	1.01.2000	amount	%
1. Cash and deposits with central banks and post offices	383.3	382.7	+ 0.6	+ 0.2%
2. Loans:				
- Loans to customers	55,030.5	64,254.8	- 9,224.3	- 14.4%
- Loans to banks	26,603.1	32,376.1	- 5,773.0	- 17.8%
3. Trading securities	213.2	16,980.4	- 16,767.2	- 98.7%
4. Fixed assets:				
a) investment securities	6,492.7	8.0	+ 6,484.7	..
b) equity investments	71.7	96.8	- 25.1	- 25.9%
c) intangible and tangible fixed assets	581.1	585.7	- 4.6	- 0.8%
5. Other asset items	11,086.0	9,789.2	+ 1,296.8	+ 13.2%
<b>Total assets</b>	<b>100,461.6</b>	<b>124,473.7</b>	<b>- 24,012.1</b>	<b>- 19.3%</b>

### Liabilities

(AMOUNTS IN BILLIONS OF LIT.)	Amounts as at		Changes	
	31.12.2000	1.01.2000	amount	%
1. Deposits:				
- Due to customers	36,398.7	42,278.4	- 5,879.7	- 13.9%
- Securities in issue	10,380.3	3,485.1	+ 6,895.2	+ 197.8%
- Due to banks	34,055.4	65,376.2	- 31,320.8	- 47.9%
2. Specific reserves	1,613.2	638.3	+ 974.9	+ 152.7%
3. Other liability items	10,965.4	9,694.5	+ 1,270.9	+ 13.1%
4. Loan loss reserves	-	-	-	-
5. Subordinated debt	3,001.2	-	+ 3,001.2	..
6. Shareholders' equity:				
- Capital, reserves and retained earnings	3,001.2	3,001.2	-	-
- Net income (loss) for the period	1,046.2	-	+ 1,046.2	..
<b>Total liabilities and shareholders' equity</b>	<b>100,461.6</b>	<b>124,473.7</b>	<b>- 24,012.1</b>	<b>- 19.3%</b>

### Guarantees and Commitments

(AMOUNTS IN BILLIONS OF LIT.)	Amounts as at		Changes	
	31.12.2000	1.01.2000	amount	%
Guarantees and commitments	20,483.9	16,657.7	+ 3,826.2	+ 23.0%
Securities in custody and in administration	110,830.3	120,131.1	- 9,300.8	- 7.7%

## Reclassified Profit and Loss Account

(AMOUNTS IN BILLIONS OF LIT)

2000

10	Interest income and similar revenues	5,961.2
20	Interest expense and similar charges	3,746.9
	Net interest	2,214.3
30	Dividends and other revenues	2.5
	<b>Net interest income</b>	<b>2,216.8</b>
40	Commission income	2,124.2
50	Commission expense	211.4
	<i>Net commission income</i>	<i>1,912.8</i>
60	Trading profits (losses)	96.4
70	Other operating income	358.7
110	Other operating expenses	30.6
	<i>Other income – net</i>	<i>328.1</i>
	Revenues from services and other sources	2,337.3
	<b>Total revenues</b>	<b>4,554.1</b>
	Payroll	1,241.4
	Other administrative costs	820.2
	<b>80 Administrative costs</b>	<b>2,061.6</b>
	<b>90 Writedowns of intangible and tangible fixed assets</b>	<b>60.9</b>
	<b>Operating income</b>	<b>2,431.6</b>
100	Provisions for risks and charges	87.1
120	Writedowns of loans and provisions for guarantees and commitments	535.8
130	Write-backs of loans and provisions for guarantees and commitments	108.3
150	Write-downs of financial investments	24.9
160	Write-backs of financial investments	-
	Provisions, writedowns and write-backs	-539.5
	<b>Profit (Loss) before Extraordinary Items and Income Tax</b>	<b>1,892.1</b>
	<b>180 Extraordinary income</b>	<b>62.4</b>
190	Extraordinary charges	53.3
	<b>Extraordinary income (charges) - net</b>	<b>9.1</b>
	<b>Profit before tax</b>	<b>1,901.2</b>
220	Income tax for the year	855.0
	<b>Net income (loss) for the year</b>	<b>1,046.2</b>

## Productivity ratios

(AMOUNTS IN BILLIONS OF LIT)

Operating income/Average number of employees	229
Total revenues/Average number of employees	429.2
Loans to customers/Average number of employees	5,186
Due to customers and securities in issue/Average number of employees	4,409
Total average assets/Average number of employees	10,682
Payroll costs/Total revenues	27.26%

## Balance sheet ratios

Shareholders equity <sup>1</sup> /Loans to customers	5.45%
Shareholders' equity <sup>1</sup> /Direct deposits from customers <sup>2</sup>	7.61%

1. Net of net income for the year.

2. Net of amounts subscribed by Group banks (7,357.9 billion).

## Profitability ratios

Net income for period/Average shareholders' equity (ROE – Return on equity)	34.86%
Net income (loss) for the period/Total average assets (ROA- Return on Assets)	2.15%
Revenues from services and other sources/Net interest income	105.5%
Revenues from services and other sources/Total revenues	51.3%
Administrative costs/Net interest income	93.00%
Administrative costs/Total revenues	45.26%
Administrative costs and write-downs of tangible and intangible fixed assets/Total revenues	46.61%

## Detailed table for the determination of value added

(AMOUNTS IN BILLIONS OF LIT)

2000

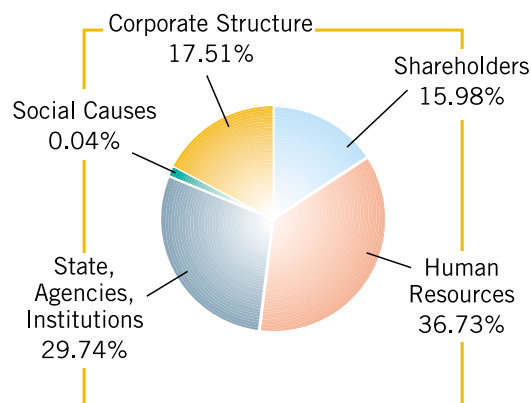
<b>REVENUES</b>	
Interest income and similar revenues	5,961.2
Commission income	2,124.2
Other revenues	
- dividends and other income	2.5
- profits on financial transactions	96.4
- other operating income	358.7
<b>TOTAL GROSS PRODUCTION</b>	<b>8,543.0</b>
<b>EXPENDITURES</b>	
Interest expense and similar charges	3,746.9
Commission expense	211.4
Other operating expenses	30.6
Other administrative costs <sup>1</sup>	668.3
Writedowns of loans and provisions for guarantees and commitments	535.8
Write-backs of loans and provisions for guarantees and commitments	108.3
Provisions for risks and charges	87.1
<b>TOTAL EXPENDITURES</b>	<b>5,171.8</b>
<b>GROSS VALUE ADDED FROM ORDINARY OPERATIONS</b>	<b>3,371.2</b>
Extraordinary gains	62.4
Extraordinary charges	53.3
<b>NET EXTRAORDINARY ITEMS</b>	<b>9.1</b>
<b>TOTAL GROSS VALUE ADDED</b>	<b>3,380.3</b>
Writedowns/write-backs of fixed assets:	
- tangible and intangible fixed assets	60.9
- Writedowns of financial fixed assets	24.9
<b>TOTAL NET VALUE ADDED</b>	<b>3,294.5</b>
Labour costs:	
- direct	934.9
- indirect	306.5
Donations and gifts <sup>1</sup>	1.5
Indirect and property taxes and duties <sup>1</sup>	150.4
<b>PROFIT BEFORE TAX</b>	<b>1,901.2</b>
Income tax for the period	855.0
<b>NET INCOME FOR THE PERIOD</b>	<b>1,046.2</b>

1. Item 80 (b), Other administrative costs, was broken down by separating the part for Donations and gifts from Indirect and property taxes and duties.

## Summary statement of gross value added and its distribution

(AMOUNTS IN BILLIONS OF LIT)

<b>REVENUES</b>	<b>8,543.0</b>
<b>EXPENDITURES</b>	<b>5,171.8</b>
<b>NET EXTRAORDINARY ITEMS</b>	<b>9.1</b>
<b>GROSS GLOBAL VALUE ADDED</b>	<b>3,380.3</b>
Divided among:	
<b>SHAREHOLDERS</b>	<b>540.2</b>
Dividends distributed to shareholders:	
Parent Company UniCredito Italiano	540.2
<b>HUMAN RESOURCES</b>	<b>1,241.4</b>
Labour costs:	
- direct	934.9
- indirect	306.5
<b>THE STATE, AGENCIES AND INSTITUTIONS</b>	<b>1,005.4</b>
Indirect and property taxes and duties paid to the State	138.3
Indirect and property taxes and duties paid to Municipalities	12.1
Regional Tax on Productive Activities (IRAP)	161.6
Direct income tax for the period (IRPEG)	693.4
<b>SOCIAL CAUSES</b>	<b>1.5</b>
Donations and gifts	1.5
<b>CORPORATE STRUCTURE</b>	<b>591.8</b>
Writedowns of fixed assets	85.8
Reserves and retained earnings	506.0
<b>TOTAL GROSS VALUE ADDED</b>	<b>3,380.3</b>



The table shows that the most significant share of the breakdown of value added relates to human resources (36.73%) confirming their importance in the performance of banking operations, even though this is a period of growing computerisation of processes and exponential growth in automated telecommunications applications. The amount set aside for provisions (17.51%) is significant, and will assure the needed funding for new initiatives and corporate continuity. The portion absorbed by the government (29.74%) is also large, representing direct and indirect taxation. The portion appropriated to shareholders (15.98%) is due entirely to the sole shareholder, the Parent company, UniCredito Italiano.

## Application of the Integrated Management System

The organisational structure and planning, coordinating and control procedures defined at the Parent Company level serve as a model on the basis of which Credito Italiano is building its Integrated Management System, which is applied to the bank's organisational structure.

The first essential step taken to implement the Integrated Management System was to complete a detailed analysis of environmental and safety problems related to operations carried out, with the aim of obtaining a clear and complete overview of the situation. In addition to all the sites of the Parent Company, UniCredito Italiano, the subject of the analysis was a significant representative sample of Credito Italiano sites. The sample was made up of 100 sites broken down by type (small special detached branches, agencies, branches, archives) and by geographical area (north, central, south and islands).

The development of the methodology for performing the initial analysis took into account the similarities and differences of financial and banking business compared to the typical features of industrial sectors, such as:

- Product and process (unlike industrial products and processes, financial "products" and the banking business, due to their intangible nature, do not have recognised methodological references)
- The unambiguous nature of the process (homogeneous branch operations; administrative, support and back office operations that are essentially invariable)
- The relatively low potential for risk (office work, services of an intellectual nature with specific repercussions on working conditions; lower significance of environmental impact).

The sample, which was made up as indicated above, is shown in the following table:

***Average number of employees and average space occupied by site type***

SITE TYPE	No. of sites in sample	Average no. of employees	Average space occupied (square metres)
Special Detached Branches	32	4	231
Agencies	35	10	405
Branches	25	37	1,607
Archives	8	-	441

The data and information gathered concerned the main environmental and safety repercussions applicable to banking entities, using measures for the environmental impact and the most significant risks, and the assessment of the current practice and procedures adopted for each of them.

The detailed knowledge of existing problems together with the orientation dictated by environmental, social and safety policies made it possible to make the necessary decisions for planning subsequent efforts for improvement.

**Energy consumption** is one of the main ways that banking operations have a direct impact on the natural environment. The data indicate a significant reduction in consumption per unit of space in branches, whose large size makes it possible to optimise unit consumption. As can be seen, in the smallest offices, fuel oil is not used for heating, while the consumption of methane gas is high resulting in lower environmental impact. The high consumption of electricity has focused the attention of Credito Italiano on opportunities to guide consumption decisions towards experimentation with procurement from renewable sources.

*Consumption of electricity, methane gas and fuel oil – Average consumption per unit*

SITE TYPE	Electricity (Annual Kwh per square metre)	Methane gas (Annual cubic metres per square metre)	Fuel oil (Annual litres per square metre)
Special Detached Branches	172	11	-
Agencies	148	10	9
Branches	92	5	6
Archives	4	-	-

One of the greatest sources of environmental impact in the service sector is the **consumption of natural resources** resulting from the use of paper for office purposes. The depletion of wooded and forested areas tied to the need to provide raw materials for operations with a high consumption of paper is an aspect directly related to the management and organisational decisions of companies. As the data in the table below demonstrate, the per-person consumption of paper by Credito Italiano is nearly constant regardless of the type of office. A nearly negligible percentage of this paper is derived from the recycling of waste paper. Credito Italiano's focus on environmental issues has revealed this as one of the main critical points in the management of direct impact.



### *Total and per-person annual average consumption of paper*

SITE TYPE	Average annual consumption (Kg/year)	Average per-person consumption (Kg/year/average no. of employees)
Special Detached Branches	218	49
Agencies	404	42
Branches	1,634	44
Archives	60	-

For many production and human activities, **water resources** represent an essential “raw material.” However, in the service sector this resource is largely used to enable staff to operate under optimal work conditions (for hygienic uses, air conditioning of the work environment, site cleaning). From this point of view, and especially if compared with more water-intensive industrial activities, the impact of banking and credit activities can be considered to be very limited. It is comparable with (if not less than) the impact from residential property with due proportions related to the size of offices and the number of people who work there. Thus, the management and conservation of water resources is considered a significant aspect, especially with respect to environmental training for employees and the sensitisation of outside intermediaries (e.g., contractors).

### *Total and per-person annual average consumption of water*

SITE TYPE	Average water consumption (Cubic metres per year)	Average per-person consumption (Cubic metres per year)/ average no. of employees
Special Detached Branches	119	4
Agencies	554	10
Branches	1,245	37
Archives	7	-

One of the most significant areas of environmental impact, especially in urban areas, is the **production of garbage and waste materials**. As can be seen in the tables, the operations of Credito Italiano also affect the management system for waste produced by the community, especially due to its widespread presence in Italy and in all major urban areas. The analysis performed on the representative sample of Credito Italiano units showed that paper, its main “raw material,” is the main component of waste materials, followed by several types of much less significant forms of waste associated with the occupancy of staff in workplaces and the procurement of the

products and equipment necessary for work in the banking environment. On average, the small offices of Credito Italiano produce a 4-kilogram sack of Municipal solid waste per day, while in the larger offices (branches), this figure rises significantly (2 6-kilogram sacks per day).

***Waste production: annual amounts produced by most significant type of waste***

	Special Detached Branches	Agencies	Branches	Archives
Paper for pulping (Kg)	697	1,194	3,584	11,100
Waste paper (Kg)	444	918	1,782	143
Toner and cartridges (Kg)	16	44	72	1
Plastic (Kg)	37	20	108	100
Packaging materials (Kg)	27	47	94	10

Municipal solid waste (No. of bags/day)	1	1	2	-
Municipal solid waste (Kg/year)	1,056	1,056	3,168	-

The data indicate that there is no standardised management of differentiated waste collection at the various offices. In many cases this is not due to limited sensitivity or a lack of attention on the part of staff, but to external constraints that make it impossible to send certain types of waste for recovery.

However, the analysis of the causes of this disparity was followed by an in-depth assessment of the waste collection system at the Bank and potential margins of improvement, which led to the identification of one of the priorities for taking action in this area in the Integrated Management System.

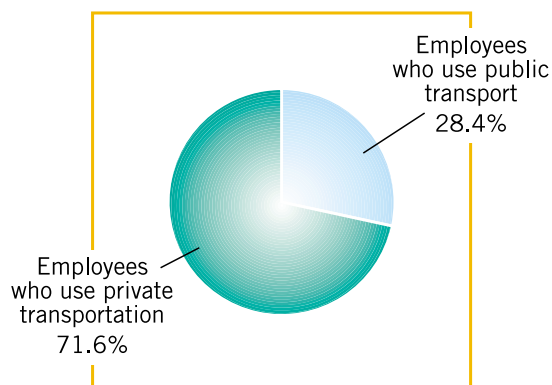
***Percentage of sites that perform differentiated waste collection (most significant items)***

	Special Detached Branches	Agencies	Branches	Archives
Paper for pulping	66%	60%	68%	62%
Toner and cartridges	50%	43%	56%	50%
Plastic	3%	3%	4%	12%
Packaging materials	22%	26%	20%	25%

The analysis of data for **employee commuting** (shown in the table below) revealed significant differences depending on whether offices were located in large metropolitan areas (which are better served by transportation facilities and where employees have a greater incentive and find it easier to use public transportation) or in suburban areas where infrastructure limitations restrict options to private transportation.

### *Employee commuting*

	Special Detached Branches	Agencies	Branches	Archives
% of employees who go to work using private transportation	75%	80%	68%	-
% of employees who go to work using public transportation	25%	20%	32%	-



With regard to **emergency management**, the main scenario of a foreseeable emergency situation for installations of this type is fire. For the areas of Italy concerned, seismic risk was also considered by defining and implementing, as in the case of fires, specific procedures that indicate action to be taken by staff if an event of this sort occurs.

With regard to **prevention in the workplace**, Credito Italiano, in a manner similar to the Parent Company, brought the skills and experience amassed and tools used in its own corporate system to the Integrated Management System, using as a cornerstone the assessment of risks and staff training as set forth in Legislative Decree 626/94. During the year, measures were planned and implemented to reduce the risks and hazards surveyed in the inspection of workplaces and the elimination/substitution of hazardous materials.

***Accident data***

	No. of accidents 2000	Frequency index	Severity index
Accidents occurring in the office	37	0.21	0.05
Travel accidents*	104	0.60	0.16



\* These include accidents occurring outside the office during work hours and in transit to and from the workplace.

## The status of the Integrated Management System and the action plan

On the basis of information obtained during the initial analysis phase, Credito Italiano commenced the implementation process for the Integrated Management System in close coordination with UniCredito Italiano, with regard, in particular, to the definition of operating procedures (and their regular application) in order to reduce the environmental and safety risks associated with day-to-day activities.

The structure of the system that is being developed includes:

- *Rules of conduct and measures to be taken:* all personnel are advised of the risks associated with their specific workplace based on their jobs and tasks, and are supported by the presence of a manager of local safety. Action to be taken in case of emergencies is defined, including when these involve equipment malfunctions that could result in a significant environmental impact;
- *The management of waste from all operations:* differentiated collection procedures have been developed and are being implemented throughout the country, which will make it possible to maximise the recovery of waste produced;
- *Procurement management* Specific methods have been developed for monitoring power and water consumption that will make it possible in the future to obtain a complete report to identify margins for reduction and resulting savings. The selection of raw materials through a decision-making process that encompasses environmental criteria will be used for the first time when recycled paper is introduced for certain corporate uses.

- 
- 
- *The monitoring and control of other environmental aspects:* although they do not represent significant environmental factors, atmospheric emissions and water discharges are monitored and controlled in order to ensure related compliance with the law. Scheduled maintenance procedures will ensure the proper maintenance of equipment thereby improving their efficiency and the prevention of emergencies.

The work (being completed) for the implementation of the Integrated Management System is continuing with the search for specific solutions and tools designed for entities characterised by operations with limited environmental impact, which are spread out over the entire country. According to established plans, the efforts made up until now and the results achieved are aimed at obtaining outside certification attesting that the management system complies with recognised international standards.

The actions of Credito Italiano are aimed at completing the implementation of the Integrated Management System, promoting the sensitisation and participation of staff within the organisational and operating structure, and reducing the direct impact of certain environmental aspects that are considered significant. These actions, which are planned at the headquarters level, concern all sites of the Bank and Parent Company.

#### **Information and staff training activities**

Implement the training plan prepared by the Parent Company for 2001. Measures to be taken:

- The training of trainers at the Regional Management level;
- The training of System managers, and in particular with regard to the scope, content and methods for applying the management and operating procedures of the System;
- The training of internal environmental and safety auditors, which is designated for ASBS staff and staff selected at each Regional Management Office.

#### **Conservation of natural resources and raw materials**

- Reduce the consumption of power through behavioural modifications and the optimisation of equipment management
- Reduce the consumption of paper by training and sensitising personnel and modifying the work organisation

#### **Waste reduction**

- Improve differentiated collection through staff training and sensitisation activities, the modification of office layouts, and the identification of appropriate areas for differentiated collection and storage.



**BANCA CRT**  
Cassa di Risparmio di Torino

**caritro**   
CASSA DI RISPARMIO DI TRENTO E ROVERETO S.P.A.

**caritro**   
CASSA DI RISPARMIO DI TRENTO E ROVERETO S.P.A.

The focus on culture and sports in the Trentino area is a distinctive feature of Cassa di Risparmio di Trento e Rovereto: in addition to the admirable publishing of precious volumes on significant studies and research dedicated to the improvement of the referenced area, are the Bank's artistic treasures made up of valuable works such as those by Hayez and Moggioli. Also interesting is the range of sponsorships: Palio Città della Quercia, which brings the best of athletics to Rovereto; Europa Cup 2000, a classic event during the skiing season; Hockey Club Egna, Handball Rovereto, Calcio Trento; and the annual Mozart and Bach festival in the year 2000.



**T**here are numerous cultural activities promoted by Cariverona. Noteworthy among these is the publication of the book “Pittura veneta nelle Marche” (Venetian Painting in the

Marches), the fourth volume in a series inaugurated with “Scultura lignea barocca nel Veneto” (Baroque Wooden Sculpture in the Veneto Region), which was followed by “Il Manierismo a Mantova” (Mannerism in Mantua) and “Scultura a Vicenza” (Sculpture in Vicenza). These provide a fascinating cultural program due in part to the rich iconography provided by the numerous splendid photographic images. The events sponsored by the Bank were also interesting. These culminated with the establishment, in conjunction with the Local Education Councillor Authority of the Municipality and Province of Verona, of the photojournalism contest called “Sailing and its Champions,” and with the ceremony to award the “Life Champion, Sports Champion” trophy, which this year was awarded to the yachtsman Giovanni Soldini for his solo voyage around the world.



## CASSAMARCA

Theatre in Treviso, which was built at the beginning of the last century in the unmistakable Liberty architectural style. In the area of fund-raising, the Bank sponsored the match called “Sport Solidarietà nel Cuore,” which made it possible to raise funds (Lit. 250 million) in support of the Fund for the Study of Liver Diseases, the Udine Association for Life for the purchase of equipment for liver transplants, and the Association of the Community of Melograna, which works with the mentally disabled.





**T**o continue to strengthen the image of an active and dynamic Bank, which is interested in promoting the development of its area with successful programs, Cassa di

Risparmio di Trieste repeated the time-honoured tradition of supporting the international "Coppa d'Autunno – Barcolana" regatta, one of the most successful sporting events in the Mediterranean. The 2000 event witnessed the launch of a new successful event featuring the Optimist class (450 participants), which was conceived and created by the Institute and called "Barcolana Young – Trofeo CRTrieste Banca," a further occasion to bring young people between the ages of ten and fifteen closer to sports as a part of the cultural and entertainment programs of the "Barcolana Festival 2000."



**ROLO BANCA**  
1473

**T**he travelling art exhibition that covered the geographic areas where the institute has the greatest branch network, made the tour of Italy, but that's not all. It was a highly successful example of the synergy

between the artistic treasures of the individual bank, and the ability to rely on the Group's structure. The exhibition gathered approximately 50 paintings from the 1500's to 1900's owned by the Bank, bearing witness to the attention that has always been focused on the world of Italian culture, and making it possible to admire several major works of art including significant works of Carracci, Guercino, Cantarini, Morandi, Dossi and Reni.





**Alessandro Profumo, *Managing Director/CEO***

## **The reasons behind a decision**

### **Why was it necessary to produce the Social and Environmental Report?**

In recent years, there has been a growing awareness of the social role played by the UniCredito Italiano Group. This initially took the form of the conviction that it was necessary to take action in this area, and subsequently, the need to demonstrate, primarily to ourselves, the ability to develop principles that can be easily shared, but are difficult to pursue effectively.

Thus, the focus on sustainable development was expanded in our goals, in the same way that the commitment to make all those who interact and operate with us aware of their responsibilities has become an absolute priority. Communication is the first step towards creating awareness and involving stakeholders, with the latter including our staff, who are both active participants in, and targets of social responsibility. We have chosen to be completely transparent with regard to the obligations assumed and the improvement efforts under way, and with respect to the degree and intensity of our social and environmental impact, which certainly has room for improvement.



### **Where are you in this process?**

A very difficult path has only just begun, and this Social and Environmental Report is the starting point, but definitely not the end point. We have assumed the obligation to renew this communication initiative each year in order to create an effective dialogue with all our stakeholders, who are an essential asset for UniCredito Italiano.

This is inevitably tied to the obligation to continually improve our ability to contribute to sustainable development, demonstrating year after year that the principles of the Environmental, Social and Safety Policy that we adopted, and are reported herein, can be implemented in a tangible manner with positive results.

### **So, this is now a set event for updating your customers and employees?**

That's not all. Each year the Social and Environmental Report will primarily be a time when we can assess ourselves and the objectives we have achieved before describing them to the public. Thus, it will be a tool of corporate governance in addition to a tool for communicating with the outside world, since it will make it possible to identify and pursue more and more ways to improve our social and environmental record.

For example, for the next year we have undertaken to optimise the management of environmental issues and the prevention of risks associated with our operations (credit, service, branch activities, office management, etc.) by implementing the Integrated Environment and Safety Management System, which will allow us to improve employee safety, consume fewer resources and produce less waste... and everything will be verified and documented.

**What guarantees will be offered to the public on the viability of your obligations and the soundness of the results stated?**

It will be up to other qualified independent entities to assess what we have done, and we will ask them to recognise our environmental commitment with voluntary certification (on the basis of the European EMAS regulation). These are the rating agencies to which we will submit our record in terms of sustainable development. Of the various types of guarantees, it should be stressed that our auditing firm broadened the scope of its audit to include this document.

**Will these results create value for the UniCredito Italiano Group?**

We are convinced that they will definitely improve the reputation and ethical, social and environmental "capital" of our Group, and this will be a determining factor for guaranteeing the permanent growth of our operations.

It is for this reason that, after our initial work with the Parent Company and Credito Italiano, we intend to provide the same boost to all other Group banks and companies. However, it will be up to citizens, consumers and investors to decide if the companies, which offer better guarantees in terms of sustainable social and environmental development, will produce more value. Those who believe us will find that UniCredito Italiano is a partner that is ready to share its commitment and values with them.

Interview by Ernesto Auci,  
Chief Editor, "Il Sole-24 Ore"

## REPORT ON THE "SOCIAL AND ENVIRONMENTAL REPORT 2000 OF UNICREDITO ITALIANO - CREDITO ITALIANO"

To the Shareholders of  
UniCredito Italiano SpA

We have performed the agreed-upon verification procedures in order to express an opinion on the "Social and Environmental Report 2000 (the "Report 2000") of UniCredito Italiano - Credito Italiano" with respect to:

- The reliability of the data reported therein.
- The completeness and clarity of expression of the data and the information disclosed therein.

Our engagement was carried out by performing the agreed-upon procedures summarized below:

1. Analysis of internal procedures used to manage and collect the information and the data included in the Report 2000.
2. Verification, on a sample basis, of the correspondence of the economic and financial data reported in the Report 2000 with the same disclosed in the statutory financial statements that will be submitted for approval to the Shareholders' Meeting and of the correspondence of other data and information with management reports or other supporting documentation.
3. Evaluation of the completeness and clarity of the Report 2000 with respect to the information generally included in the social and environmental reports already published and to the stakeholder identified.

This report, therefore, refers to the results of the application of the aforementioned procedures and we cannot exclude that, had we performed additional procedures, other matters might come to our attention that should have been disclosed in addition to those already reported in the following paragraph.

The results of the application of the agreed-upon verification procedures are:

1. The existing internal procedures to manage and collect the information and the data included in the Report 2000 are consistent with the objective of the Report 2000 itself.



2. The economic and financial data included in the Report 2000 correspond to those included in the statutory financial statements that will be submitted for approval to the Shareholders' Meeting and the other data and information disclosed in the Report 2000 are adequately documented by management reports or other supporting documentation.

As to the completeness and clarity of the Report 2000, we base our report on our professional experience, on the comparison of Italian and international best practices and on PricewaterhouseCoopers guidelines developed on the basis of the information requirements deriving from:

- Global Reporting Initiative (Sustainability Reporting Guidelines)
- GBS Guidelines (work group for issuing the principles for the preparation of Social Reports)

As to these aspects, the document is substantially complete and well-structured compared to the best social and environmental reports published to date and the data and the information are clearly stated.

This first Social and Environmental Report issued by UniCredito Italiano - Credito Italiano represents a remarkable example of integrated reporting and confirms the company's desire to define an adequate instrument to communicate its goals and its social and environmental commitments to the stakeholders, while pursuing social cohesion and sustainable development.

Considering that the Report 2000 is the expression of a process for improvement, there are some reporting areas that could be developed in the future, with particular reference to the stakeholder dialogue and the definition of specific social and environmental performance indicators, consistent with the company's policy and governance structure.

Milan 11 April, 2000

PricewaterhouseCoopers SpA

A handwritten signature in black ink, appearing to read 'Antonio Taverna'.

Antonio Taverna  
(Partner)

*This report has been translated from the original, which was issued in Italian. We have not performed any control on the Social and Environmental Report 2000 translation.*



## Glossary

### AA 1000

(AccountAbility 1000) – (Non-certifiable) standard developed by the ISEA (Institute of Social and Ethical Accountability); this is a process standard through which the acts, omissions and risks for which an organisation is responsible are explained or justified to stakeholders. The requirements of AA 1000 include transparency, continual improvement and compliance with previously identified and accepted standards.

### ABI

Italian Banking Association.

### Environmental analysis

Exhaustive initial analysis of environmental problems, impact and performance connected with the operations of an organisation (EMAS II definition).

### Environmental aspect

Element of the activities, products and services of an organisation that could interact with the environment (EMAS II definition).

### Asset management

The activity of managing financial investments.

### Audit/auditor

Management tool for the systematic, documented, periodic and objective assessment of the performance of the management system and processes developed to protect the environment in order to: facilitate management control of conduct that could have an environmental impact; assess compliance with environmental policy including the organisation's goals and targets (EMAS II definition). **Auditor:** personnel who are properly qualified to perform auditing activities, and who are independent of the activities to be audited.

### Benchmark

Objective reference parameter for financial investments that may also consist of more well-known indexes (MIB 30, Dow Jones Industrial Average, etc.) or other indexes deemed representative of the risk/return profile of the investment and that can

themselves be the subject of financial investments, whose return is tied to the performance of the parameter selected.

### Covered Warrants

Documents issued by financial institutions which provide the right to acquire a certain number of securities at a preset price within a specific period of time or on a specific date.

### Legislative Decree 626/94

Legislative decree on the health and safety of workplaces that incorporated important European Community directives on this issue.

### EMAS

EcoManagement and Audit Scheme – Regulation No. 1836/93 of the European Council on the voluntary participation of industrial companies in a European Community eco-management and audit system, which is currently being revised (the so-called EMAS II) to include the participation of all other sectors (including the service sector).

### GBS

Research group for the enactment of principles for preparing social reports

### Home Banking

Telephone or Internet connection used to carry out current account transactions and/or to verify account movements and to control their conditions.

### IBS

European Institute for the Social Balance

### Environmental impact

Any positive or negative change to the environment resulting in whole or in part from the activities, products or services of an organisation (EMAS II definition).

### Accident frequency index

Total number of accidents per 100,000 hours worked.

### Accident severity index

Total number of days absent per 1,000 hours worked.

**ISO 14001**

Standard regarding environmental management systems enacted by the International Standard Organisation.

**London Benchmarking Group**

Group of 16 large international companies founded in 1994, which developed a framework for reporting and measuring the social commitment of companies.

**Corporate Market**

Market of large companies and small and medium-sized companies.

**Retail Market**

Retail market made up primarily of private customers, small companies and consumer households.

**PMI**

Small and medium-sized companies.

**Private Banking**

Financial services targeted at private “high end” customers for the overall management of their financial needs.

**Procedure**

Document that defines the work methods for performing a specific activity.

**ROA**

Return on Assets – the profitability ratio that measures the relationship of gross operating income to total assets.

**ROE**

Return on Equity – the profitability ratio that measures the relationship of net income for the period to shareholders’ equity.

**SA 8000**

(Social Accountability 8000): official standard issued in 1997 by the CEPAA (Council on Economic Priorities Accreditation Agency) for certifying the ethical and social commitment of a company.

**Integrated Management System**

A part of the overall corporate management

system comprising the organisational structure, responsibilities, practices, procedures, processes and resources for developing and implementing policy in the areas of the environment and worker health and safety.

**Spread**

Differential expressed as a percentage to be added to a reference rate or parameter to determine the effective rate applied to a loan.

**SRI**

Socially Responsible Investing: asset management activity performed in accordance with environmental and social criteria.

**Stakeholder**

Parties that hold an interest in a company, who, for various reasons interact with the company's operations by sharing in results, influencing its performance, and assessing its economic, social and environmental impact.

**Stock options**

Option contracts for the purchase of securities that provide the purchaser with the right (but not the obligation) to buy the shares within a pre-established period and at a preset price. They are used as a form of supplemental payment to provide incentives and obtain the loyalty of individual employees, specific categories or all employees by offering an option to buy the company's stock.

**Sustainable development**

“Development that satisfies current needs without compromising the ability of future generations to satisfy their needs” (Brundtland Report – WCED, 1987).

**UBM - UniCredit Banca Mobiliare**

Investment banking company; it commenced operations on 1 January 2000 and concentrates on the production of financial instruments for retail, corporate and institutional customers and the management of the Group's market risk.

**UNEP**

United Nations Environmental Programme- Environmental program of the United Nations aimed at promoting sustainable development with companies and citizens.

This document was drafted by the Project Group for the Preparation of the Social and Environmental Report, which was assembled by the Environment, Safety and Social Report Unit of UniCredito Italiano made up of: Lucio Del Rio, Riccardo Della Valle and consultants Marco Frey, Fabio Iraldo, Nadia Gorla, Paolo Palombelli, with support from the company EHS Gestione S.r.l. and the collaboration of organisational units of the Parent Company and Credito Italiano: General Affairs, Accounts and Accounting, Marketing Communication, Corporate Consulting, Investor Relations, Corporate Marketing, Retail Channel Marketing, Personnel, Human Resources Development Policies, External Relations and Union Relations.

*We wish to wholeheartedly thank all colleagues for their precious contribution to the collection and analysis of the data and information provided in this document.*

For further information on the Social and Environmental Report, which is also available at the Internet address **[www.unicredito.it](http://www.unicredito.it)**, contact:

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